U.S. Department of State
FY 2000 Country Commercial Guide: Italy

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I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Italy's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

Italy, with world's sixth largest industrial economy, remains in the midst of a process of political and economic transformation. The Italian government continues on a path of budget austerity and privatization, reducing its significant role in the economy. As this rationalization of the economy moves forward, Italy should offer even more opportunities for U.S. firms, both as a destination for exports and a point for investment.

Italy is one of the 11 founding members of European Economic and Monetary Union (EMU). Beginning in January, 1999, EMU member countries adopted the new "euro" as their currency and the new European Central Bank as their monetary authority. National currencies will be phased out and only euros will be used beginning in 2002.

Italy's economy grew at a 1.3 percent rate in 1998, one of the lowest levels in the industrialized world. Many economists expect Italian GDP growth to decelerate in 1999 to 1.1%, with GDP reaching $1.18 trillion. Inflation is at its lowest level in years. Consumer inflation rose only by 2.0 percent in 1998. Economists predict it to decelerate to 1.5 percent in 1999. The United States has consistently maintained a trade deficit with Italy. In 1998, United States exports to Italy totaled $10.9 billion, while imports from Italy totaled $20.8 billion. The total stock of U.S. direct investment in Italy was $14.3 billion in

1998, while Italy had total direct investment of more than $16.1 billion in the United States.

The Italian market is mature and highly competitive, demanding high quality products and services. The market is very open to U.S. items, particularly innovative and niche market products, services and technologies. European Union (EU) changes to the Common Agricultural Policy (CAP) and Italy's implementation of EU harmonized phytosanitary and sanitary regulations should offer fresh opportunities for U.S. agricultural exports. For example, the continued move toward a fully integrated single European market should aid U.S. high value, convenience, and health food products. The realignment of the distribution sector toward larger chains and more competitive pricing should also aid U.S. exports.

Italy’s participation in the “euro” will simplify trade for those companies exporting to several EU countries. It also creates opportunities for U.S. companies with technologies and services that can assist Italian firms compete in the more integrated European market. However, these changes also will benefit European competitors who are increasing their presence in the Italian market through mergers and joint ventures with Italian firms. U.S. companies, already well known for delivering innovative quality products, will have to focus on price and service to maintain or develop their market share. The U.S. exporter also should be aware that to be successful in Italy they need to establish linkages with Italian representatives or partners and be flexible in their approach to this market.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank’s CD-ROM or via the Internet. Please contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at http://www.stat-usa.gov, http://www.state.gov/, and http://mac.doc.gov. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRAD(E) or by fax at (202) 482-4473.

II. ECONOMIC TRENDS AND OUTLOOK

MAJOR TRENDS AND OUTLOOK

Italy is the slowest growing among the Euro-11 and is likely to remain so through 2000. Italy has been the slowest growing G-7 country in the 1990s (1989-1999). This reflects the substantial fiscal tightening and restrictive monetary policy needed to get into EMU and structural impediments that discourage investment and job creation. Italy’s real GDP grew 1.3 percent in 1998, significantly less that the 2.9 percent growth in the Euro-11 area and the 2.2 percent of the industrialized economies. Domestic demand remained the dominant factor in GDP growth, while the contribution of net exports was negative. Most economic forecasters expect GDP growth to decelerate further in 199 exceeding slightly 1 percent and above 2 percent in 2000.

While exports grew, imports grew faster, with the result that the trade surplus of $35.6 billion in 1998 was 10 percent smaller than the balance of $39.9 billion surplus in 1997. A similar level of surplus is forecast for 1998. Through 1999 Italy reduced foreign exchange reserves to $53.6 billion, after the record high registered at the end of 1997 ($76.0 billion).

On inflation, Italy is now firmly within norms specified for Economic and Monetary Union, a major achievement for this historically inflation-prone country. Though still relatively high by European standards, consumer inflation stood around two percent in 1997 and 1998 and is expected to decelerate to 1.5 percent in 1999. The 1992 and 1993 agreements on wage adjustments, which has helped keep wage pressures on inflation low, have been renewed by December 1998 and will be effective through 2002. Besides guidelines for wage negotiations, the new pact cuts some labor costs and includes incentives fro investment and worker training. Tight monetary policy by the Bank of Italy has also helped bring inflation expectations down.

The economic challenges facing Italy are keeping the government deficit under control, implementing a plan to reduce the high level of government debt and addressing unemployment and the structural rigidities of Italian market.

ECONOMIC TRENDS AND OUTLOOK FOR AGRICULTURE

Italian agriculture faced a disappointing year in 1998. Many of the problems were a result of poor weather conditions. Spring freezes hurt much of the fruit crop. 1998/99 citrus production was down due to the colder weather during the final stages of harvest. In particular, orange and tangerine production were down 25% and 15%, respectively. Vegetable and milk production were also low. Despite the fact that tomato production increased 15% from 1997 and was a record high for Italy, total output of tomato products was low due to poor quality tomatoes resulting from unfavorable weather conditions. Total oilseed production declined by 11 percent due to the adverse weather conditions (including olive oil,-27%). Wine production increased marginally (+6%) from the 1997 levels. Despite increased demand for beef and pork, Italian production has declined due to low prices and structual problems. Labor in the agricultural sector contracted 2.3% to 1.39 million and long term credit for investment in equipment and infrastructure remained scarce. Farmgate prices are decreasing. Finally, changes in the green rate also affected the competitiveness of Italian farmers vis a vis their EU counterparts.

Italy's agricultural trade continued to be composed mainly of raw material imports from other EU member states (approx 74 percent) and value-added exports to other EU member states (approx 70 percent). U.S. exports to Italy were valued at slightly over $1 billion in 1998 (5% of total imports). Neither U.S. nor Italian trade statistics reveal the actual level of imported U.S. products, because of the EU open borders. Many U.S. food and agricultural products (i.e. ingredients, frozen foods and beverages, etc.) arrive in Italy via France and Germany. This trend toward regional distribution has consolidated during the last three years and is expected to continue.

According to U.S. trade statistics the leading U.S. agricultural exports to Italy in 1998 were livestock and meat ($206 million), forest products ($198 million), cotton ($142 million), grains and feed ($137 million), soybeans and soybean meal ($101 million) and fruits and vegetables ($104 million). The following product categories also performed well in spite of the Italian recession: processed fruit and vegetables, snack foods, dried fruits (prunes), and dried nuts (almonds), seafood (salmon, live lobsters and frozen squid), hides and skins (leather and reptile skins), vegetable seeds and pet food. Italy exported $1.5 billion in agricultural, fish and forestry products to the United States in 1998, including; olive oil ($75 million), wine ($134 million), cheese ($50 million) and forestry products ($32 million).

The following national and international developments are expected to shape Italy’s agricultural sector in the future: Italy’s acceptance in the European Monetary Union; the national budget deficit; CAP reform (i.e. reduced subsidies for cereals and oilseeds, and high penalties for out of quota production of tobacco and milk); EU Enlargement and the Mediterranean Agreements; and new environmental restrictions as a result of the “green” movement (i.e. more stringent packaging requirements, tighter controls on the use of chemical inputs, and possible limits on the use of biotechnology). These factors are expected to foster a very competitive environment, which may drive some marginal producers out of the farming sector.

PRINCIPAL GROWTH SECTORS

Italian companies are expected to boost investment in response to domestic demand as Italy's economy gradually recovers and in response to export demand from European Union markets enjoying more robust economic growth than Italy. In addition, Italian firms are seeking to improve their operations to compete effectively in the increasingly competitive European market. This increase in investment will create excellent opportunities in Italy for American exporters. American investors and exporters may also find opportunities in the ongoing privatization program.

The full liberalization of the Italian telecommunications market, which officially entered into effect on January 1, 1998, is creating substantial business opportunities. Privatization and liberalization in the energy sector following EU directives should also spur future demand for equipment and services in this sector. In addition, the Italian public as well as private sector is looking for ways to improve efficiency while reducing costs, through outsourcing, training programs and better application of new information technologies. U.S. firms with products and services that contribute to the further rationalization and increased competitiveness of the Italian economy will find that Italy offers significant opportunities.

Despite the current economic climate in Italy, the fluctuations in the dollar/lira exchange rate, and the often protectionist regulations of the Common Agricultural Policy (CAP), there are still many opportunities in the near-to-medium term to both maintain and expand the market for a variety of U.S. agricultural products.

Specific agricultural and non-agricultural products and services which offer good prospects for U.S. firms are described in Chapter V below.

GOVERNMENT ROLE IN THE ECONOMY

The Italian state traditionally played a dominant role in the Italian economy. In the early 1990's, the Italian government controlled about a third of all industrial activity and almost two-thirds of banking operations. An ambitious privatization program begun in 1992 has resulted in elimination or substantial reduction of the government's controlling role in various companies. To date, Italian privatizations have raised 117.8 trillion lire (69.3 billion USD).

Since 1993, four major banks, Credito Italiano, Banca Commerciale Italiana, Istituto Mobiliare Italiano and Banca Nazionale del Lavoro, and the country's second largest insurance company, INA, have been totally privatized. IRI, once the major government-owned industrial holding company, is dismantling itself through sell-offs. Telecom Italia was sold in a stock offering in 1997. There have been four offerings of stakes in oil and gas parastatal ENI, the last of which reduced the government's holdings to under 40 percent.

While the privatization process has been successful to date, several major sales are yet to come: ENEL (electricity), Finmeccanica (varied industries), Alitalia (national airline company) Rome Airports and Autostrade (highway system). Together, these companies have been valued at over $30 billion. In addition, several of Italy's largest banks are controlled by regional charitable foundations. The movement toward increased consolidation in the banking sector has shifted ownership of some key banks away from foundations and this trend should continue. Treasury is also planning to sell its stake in Credito Industriale Sardo (53%), to privatize Mediocredito Centrale and to place on the market its minority stake in Banco di Napoli, IMI, Ina and Telecom Italia.

BALANCE OF PAYMENTS SITUATION

Italy has had current account surpluses since 1993. In 1998, the surplus was 39.1 trillion lire ($22.5 billion), down from the 60.9 trillion lire ($35.7 billion) surplus registered in 1997. Current account surpluses since 1993 brought Italy’s net external position in balance at end of 1997, but the net investment outflows through 1998 produced a net external debt position of $53.6 billion. Italy's capital account deficit worsened from 12.2 trillion lire ($7.2 billion) in 1997 to 30.8 trillion lire ($17.7 billion) in 1998. Both foreign portfolio inflows, and Italian portfolio outflows increased dramatically, but the latter faster than the former, resulting a 2.2 trillion lire ($1.3 billion) net outflow, following a 6.9 trillion lire ($4.0 billion) net inflow posted in 1997. This reflects the intensive shift of Italian investors’ portfolios into foreign assets during 1998, following a trend started in 1997. There was a net outflow of direct investment totalling 16.4 trillion lire ($9.5 billion) in 1998, slightly higher than the net outflow of 11.8 trillion lire ($6.9 billion) registered in 1997.

INFRASTRUCTURE

Railroad--The railroad system is nationalized and operated by the Italian State Railways (Ferrovie dello Stato, abbreviated FS), a government agency. The railroad provides an efficient and economical method of transportation. More than half of the rail system is electrified.

Highway--The highway system is approximately 197,000 miles, including over 3,000 miles of superhighways, called “autostrade.” The network connects the major industrial centers and offers easy access to Northern Europe. Trucking services are operated mainly by private companies under government concession.

Air--Alitalia, a state-owned company that is scheduled to be fully privatized, is Italy's principal airline providing both international and domestic service. Additional service is provided by Lauda Air, Itavia, Air Europe and Meridiana airlines. Charter service is offered by SAM, an Alitalia subsidiary, and by Air One, while air-taxi service is available from Unijet Italia in Rome and Agena in Milan. Italy has an extensive airport network consisting of 19 international, 17 domestic, and 59 general aviation airports. Federal Express, DHL, and other rapid delivery services are also available.

Sea--Italy has six major seaports: Genoa, Livorno, Naples, Palermo, Trieste, and Venice. In addition, there are 35 smaller ports mostly used for coastal shipping.

Industrial Districts -- Small and medium sized enterprises, especially in the North, have contributed heavily in terms of output, exports and job creation. Their activities have been fostered by the functioning of "industrial districts". The districts take advantage of areas where many small enterprises operate in the same industry and where the steps of production are divided up among the various enterprises. Over time, cooperation among the firms (and often unions of their workers) has paid off in better exchange of information, group purchases, and market development. The districts have been recognized in law to give the communities the tools to plan joint activities, tap national and regional financing for projects, establish service contracts, for example, with research institutes and universities, and otherwise maximize public and private resources for the success of their industry and local development.

Y2K--The potential impact of the Y2K problem on the Italian infrastructure is difficult to assess. Awareness of the issue, and efforts at making corrections, increased sharply in the first half of 1999. Generally speaking, the banking and finance sector, large companies and the dominant suppliers of electric power, natural gas and oil appear to be best prepared. Those less advanced in Y2K corrections include providers of health, water and wastewater and telecommunications services, small firms and local governments.

III. POLITICAL ENVIRONMENT

NATURE OF THE POLITICAL RELATIONSHIP WITH THE UNITED STATES

Italy is an important economic and political partner of the United States. Italy's proximity to areas of tension in the Balkans, the Eastern Mediterranean, and North Africa underscores its strategic significance. A founding member of NATO, Italy has worked with the United States in efforts to promote democratization and stability in Central and Eastern Europe, implementation of the Dayton accords in Bosnia and the success of the Middle East Peace Process. Italy played a crucial role in NATO's action in Kosovo and in managing the refugee crisis, as well as in efforts toward economic and political stabilization in Albania. Italy has played a central role in the growth of the European Union, supporting European economic and political integration and advocating a stronger European security and defense identity within NATO.

MAJOR POLITI0AL ISSUES AFFECTING BUSINESS CLIMATE

Prime Minister Massimo D'Alema took office on October 21, 1998 at the head of a center-left coalition government. He succeeded Romano Prodi (now President of the European Commission), who led the center-left "Olive Tree" (ULIVO) coalition that won the April 1996 national parliamentary elections. The center-left coalition has a narrow majority in Parliament. The center-right "Freedom Pole" (POLO) opposition coalition is led by former Prime Minister Silvio Berlusconi.

The predecessor Prodi Government, which pursued austerity budgets, conservative fiscal policies and privatization, is credited with guiding Italy into the European Monetary Union. The Prodi Government's success was built, in turn, on a tripartite agreement committing Italian employers and unions to an incomes policy. The agreement brought an end to a period of industrial turmoil and spiraling inflation - replacing it with a period of economic stability. In December 1998, the D'Alema Government, unions and employers renewed their commitment to a "Social Pact" that, among other provisions, reduced the tax burden on workers and employers to encourage new investment and reduce unemployment. The D'Alema Government's main current objectives include economic development in Italy's South (Mezzogiorno), job creation and judicial and electoral reform.

BRIEF SYNOPSIS OF POLITICAL SYSTEM/MAJOR POLITICAL PARTIES

The Republic of Italy is a parliamentary democracy. Parliament consists of the Chamber of Deputies (630 members) and the Senate (325 members). The Chamber of Deputies is the more influential body. No single political party commands a parliamentary majority and coalition governments are the norm. Much of Parliament's work takes place in committees.

Executive authority is vested in the Council of Ministers, headed by the President of the Council (Prime Minister) who, as Head of Government, is responsible for its day-to-day functioning. The ministries form the basic

structure of the state's public administration. The current (D'Alema) Government has 25 ministers, 7 without portfolio.

The President of the Republic is Head of State and has limited powers. He or she appoints the Prime Minister, subject to parliamentary concurrence. The President can also dissolve Parliament and call for elections if it is clear that no governing majority can be formed. The President is elected for a term of seven years by the Members of the Chamber of Deputies, the Senate and representatives of the 20 regions. Carlo Azeglio Ciampi was elected President of the Republic in May 1999.

The judicial system includes three separate lower courts whose decisions may be appealed to the Assizes Court of Appeals. Decisions of the Assizes Court of Appeals can be appealed to the highest court, the Court of Cassation (Supreme Court) in Rome. The Constitutional Court rules only on matters concerning the constitutional legitimacy of referenda, legislation and other actions of the central and regional governments.

Although State authority in Italy remains centralized, the country has devolved responsibility for transportation, health and welfare issues to regional and local bodies. Regions can also present draft laws to Parliament on issues of particular interest.

Major Political Parties

Center-left Governing Coalition:
(Led by Prime Minister Massimo D'Alema)

Democrats of the Left (DS)
Italian People's Party (PPI)
The Democrats (DEMOCRATICI)
The Greens (VERDI)
Italian Communists (PDCI)
Italian Renewal (RI)
Union of Democrats for Europe (UDEUR)
Democratic Union for the Republic (UDR)
Italian Socialists (SDI)
United Christian Democrats (CDU)
Italian Republican Party (PRI)

Center-Right "Freedom Pole" (POLO) Opposition Coalition:
(Led by Former Prime Minister Silvio Berlusconi)

Forza Italia (FI)
National Alliance (AN)
Christian Democratic Center (CCD)

Others in Opposition:

Northern League (LN)
(Led by Chamber Deputy Umberto Bossi)

Communist Renewal (RC)
(Led by Chamber Deputy Fausto Bertinotti)

POLITICAL ENVIRONMENT FOR AGRICULTURE

Recently, the Italian Government adopted legislation reorganizing the Ministry of Agricultural, Food, and Forestry Resources. The Decree states that all the old Ministry’s functions in the fields of agriculture, forestry, fishing, agro-tourism, hunting, rural development and food are to be performed by the regional governments. However, the new Ministry of Agricultural Policies, will be allowed to continue as a reference center for agricultural, food, and forestry policy issues of national interest. The largest impact from this decision will be the ability of the regional governments to determine their own budgets for marketing and aid programs.

IV. MARKETING U.S. PRODUCTS AND SERVICES

DISTRIBUTION AND SALES CHANNELS

American business representatives will find that selling in Italy offers new challenges, but it presents no overwhelming problems. Over 7,500 American companies are actively represented in Italy, with approximately 850 of them having subsidiaries there. U.S. executives may find that some commercial practices differ from those in the United States, but most will be very familiar. The system of retail and wholesale distribution, for instance, centers on small family-operated stores, although the supermarket-type operation has gained importance and there are a number of substantial department store operations.

Retail Distribution in Italy

As Italy has a population of 57.6 million, its retail distribution sector is large in total sales and serves the consumer at the retail level through numerous small, family-owned, retail outlets rather than large, mass market operations. The market offers many commercial opportunities because of the large sales volume and a lack of competitive companies. Many large retail stores have recently been opening on Sundays. Recent legislation has liberalized the range of products and hours of operation permitted at retail outlets and should promote a more modern, competitive retail system.

In order to satisfy Italian consumers, firms operating in the Italian retail distribution sector find that they must invest large amounts of money in new techniques, management, research, media promotion, and equipment. The industry's average return on investment is approximately 13 percent. In terms of existing points of sale, there is a trend away from the family-type stores and street vendors to the distribution chains. Italian distribution systems include small family-owned stores, street vendors, hypermarkets, shopping malls, specialized stores and discount stores.

Horizontal points of sale such as general stores, which had experienced boom conditions in the early 1980s, have begun to lose ground to specialized stores, franchising chains, and hypermarkets. In order to create a unique business identity, department stores have begun a process of realignment and now tend to attract the more affluent, quality-oriented, consumers, as well as compete on price and product selection. Supermarket chains now look toward further expansion, particularly in creating and operating large shopping malls. Where such shopping centers exist, they are proving to be successful.

The Italian retail distribution system is faced with the new challenges of competition and technology. It is in the process of being reorganized in terms of number of points of sale and of marketing strategies. The small traditional retail outlets are considered obsolete, but the Italian distribution groups are still too small in many cases to compete effectively with large chains operating in some of the other European nations. A process of internationalization is now taking place among Italian and foreign chains with some agreements already signed. There is, however, room for more.

The marketing of products in Italy is accomplished through a variety of channels, depending on the nature of the product, the sales territory to be covered, the type of buyer, and the sales promotional activities required. Brokers, commission merchants, and independent representatives are used extensively for the sale of raw materials, semifinished products, and capital goods to the larger manufacturing organizations. However, well-established distributors are normally employed to reach industrial firms as well as the large number of wholesalers and retailers engaged in the marketing of consumer goods.

If the product normally has a high sales volume and low profit margin, the Italian firms seek to deal directly with the manufacturer. Sales to a department store, chain store, or end-user often yield the best sales results, but require greater promotional effort by the American exporter. The direct sales method eliminates the added shipping and warehousing expenses, but the U.S. exporter and Italian importer must handle the shipping formalities and expend greater effort to ensure a successful business relationship.

USE OF AGENTS/DISTRIBUTORS; FINDING A PARTNER

Italy represents a large and affluent market where language and personal relationships are valued when conducting business transactions. Consequently some form of local presence is generally required to be successful. American firms have found that relying on local Italian sales agents or distributors, who have the contacts and understand the market, can most effectively develop sales.

There are important distinctions in Italian law between distribution and agency agreements:

Agency: Agency contracts are governed by the Italian Civil Code and by a number of other legislative decrees. An Italian agent for a foreign firm is generally regarded as being authorized to act for the firm. Depending on the contract, the principal may be subject to termination compensation payments and to income taxes and other levies on sales effected through the agent.

Distributorship: Under this arrangement the local distributor takes title of the merchandise and assumes the risks, and has the obligation to pay any taxes. Distribution agreements are subject only to the terms of the contract itself. There are no laws or regulations currently in effect in Italy providing for advance notice of termination, termination compensation, or social security payments in connection with these agreements.

Frequently, a distributorship agreement provides for exclusive sales rights. There is nothing in Italian law preventing exclusive arrangements in all or part of Italy. However, if these agreements provide for exclusive sales rights in all or part of the EU, they should be examined carefully, and with the assistance of a competent international lawyer, in light of the antitrust provisions of the EU regulations.

Appointing an Agent or a Distributor

It is important to obtain specific legal advice on appointing an agent or distributor. However, some general guidelines apply and are outlined here. Italy implemented the EU directive 86-653 in October, 1991. As a result, Italian agency law is now in conformity with EU requirements. All agent agreements should be in writing and state the marketing area and any exclusivity arrangements. Termination of the relationship is the area that most frequently causes problems for American exporters. Generally, the civil code protects the interests of the representative. In the absence of termination provisions in a written agreement, the law provides for a minimum notice of termination of one month during the first year of the agreement, two months during the second year, three months for the third year, four months for the fourth year, five months for the fifth year, and six months for the sixth and additional years.

Parties may agree to other terms, provided the notice of termination is not less than the above. An agreement with a definite period terminates on the agreed expiration date. If the parties continue to operate under the agreement after that date, the agreement becomes an agreement of indefinite term, which can be terminated in accordance with the aforementioned notice periods. If the American principal wants to terminate the relationship, notice of termination should be given, even with a definite term contract.

The termination of an agreement without the required notice makes a U.S. principal liable for compensation. The Italian sales agent could seek to claim the amount of the commissions that would have been earned during the termination period or for the amount of actual damages suffered. In exceptional cases, and only for just cause (such as competition or fraud), an agreement may be terminated without notice provided the other party is immediately advised of the reason. In such cases, the courts may be requested to terminate the contract.

At the expiration or termination of an agreement, by whatever means, an agent who has increased the value of the business is entitled, in principle, to an adequate remuneration which cannot exceed the average of the commissions in 1 year. Such claims by agents are subject to an expiration period of 1 year.

Three kinds of distribution agreements are commonly used:

- Exclusive distributorships, where the distributor has the sole right to sell specified goods within a defined area.

- Quasi-exclusive distributorships, where the distributor sells almost all the specified products within a defined area.

- Informal distributor arrangements, under which the grantor imposes heavy obligations on the distributor and which would cause damage to the distributorship if the grantor terminated the agreement.

In the absence of mutual agreement, or the failure to meet contract obligations, a distribution agreement of indefinite term cannot be terminated by the grantor without reasonable notice or fair compensation. In general, grantors should consider protecting themselves by entering into agreements for definite periods rather than an indefinite period. Also, specific minimum performance clauses should be considered, such as percent of distributor's sales, minimum annual sales, and number of business contacts to be made, and grantors should propose that U.S. law and courts have jurisdiction.

A continued and close working contact between the American firm and the agent or distributor is very desirable and should be developed early in the relationship. Certain products and equipment require servicing to maintain their useful life. The U.S. exporter should determine if servicing is needed and develop a distribution network to include such servicing by qualified personnel. To build trust, loyalty, and marketing skills, U.S. producers frequently bring their agents or distributors to the United States for training and marketing assistance.

FRANCHISING

Franchising in Italy has been growing at a very fast pace. Latest figures available indicate that at in 1998 Italy had over 500 franchisors and 22,000 franchisees, ranking it among the highest in Europe in terms of franchises operating. The franchising sector has continued to thrive; total turnover for the franchising sector was in excess of $10 billion, representing close to 3 percent of all retail and services sales in Italy. Employment in the sector reached 58,000 in 1998.

Market Demand

The Italian population has shown itself to be receptive to the fast and efficient services provided by franchises. At the same time, the Italian end-user is not always open to franchises for those services that are traditionally strong and consolidated. Nevertheless, the Italian market's receptivity to the franchising concept appears to be steadily growing. The Italian business community has accepted the concept that franchising is the most innovative way to introduce a business concept.

End-User Profile

There is a vast difference in the economic make-up of the geographic regions of the country, as the north is predominantly industrial and the south is primarily agricultural. The north has a large number of commercial, financial, and industrial enterprises and has double the per capita income of the south. Similarly, the local geographic distribution of franchising is disparate, with a concentration of franchising networks in Northern Italy. However, there are some indications recently that franchising is also gaining momentum in Southern Italy, where it is viewed as a way to alleviate the effects of chronic unemployment.

Competitive Situation

Italy has an extremely fragmented distribution system, with approximately 17,000 retail outlets per million inhabitants. The predominance of small, family-owned stores and the disproportionately large number of point-of-sale outlets are viewed as cause of market inefficiency. The present retail system survives mainly due to the complexity and protective nature of existing regulations. However, there is now a noticeable move towards concentration in retail distribution, which creates economies of scale and more efficient management. Thus franchising increasingly seems to be a system well suited to Italy.

While franchising is relatively new in Italy, there are local companies which have been in operation for a number of years and which have achieved both success and profitability. The most developed franchising sector is the services sector, with 7,907 franchisees and 183 franchisors, while the personal products sectors ranks second, with 4,250 franchisees and 120 franchisors. Another very strong sector is specialty retail stores, with 69 franchisors and 3,300 franchisees.

The Italian business community views American franchising companies with a very open mind and recognizes their predominance in the sector. However, smaller American franchisors trying to find Italian master licensees have to face obstacles related to their lack of name recognition in Italy and to inexperience with local business practices. The price for the master license is almost always set too high and the assistance to be provided by the franchisor is never spelled out clearly enough.

Best Sales Prospects
The sectors that appear to have the best potential are in the services area. They are travel and tourism, education and training, fast delivery services, management and consulting services, automotive services. Other good prospects are offered in fast food and hotels with a good brand recognition, and with personal items and fashion.

Legal Requirements
The development of the European Union has stimulated harmonization of trade, tariffs, legal requirements, standards and procedures. There is no specific legislation in Italy defining or regulating franchising. Rules governing franchising are those issued by the EU Commission. In Italy a franchising agreement is governed by general contract law principles and is considered a bilateral agreement between separate business enterprises resulting in "collaboration", not "association", between parties. Franchising agreements are subject to the laws governing commercial contracts in general, and to those governing sales of trademark licensing agreements in particular. The Italian Franchising Association (Assofranchising) has established a set of rules which reflect standards prevailing in the Italian business community and often taken into consideration in legal proceedings.

There are no trade barriers or limitations to the importation of US franchise business methods in Italy. However, due to the lack of specific Italian norms on franchising agreements, it is advisable that contracts be written in great detail when entering into an agreement with a master licensee

The average validity of a franchising contract in Italy is 5 years in 39 percent of cases, 3 years in 24 percent and 6 years in 10 percent. An entry fee is required by 51 percent of franchisors, while royalties are requested by 70 percent of master franchisors. Eighty-four percent of the standard contracts provide comprehensive training programs, manuals and programs of regularly scheduled workshops for franchisees.

Financing
Financing tailored to franchising activities is a concept which is still

alien to Italian banks. However, one leading bank has very recently announced that it will offer loans to franchising systems and has set up a specialized department to this end. Nevertheless, the prevailing practice remains that financing is generally negotiated privately on a case-by-case basis between the master franchisor and the franchisees. Over 50 percent of the franchisors offer financing and leasing programs. Virtually all franchisees pay entry fees, royalties and contribute to advertising expenditures.

More than 80 percent of franchisor grant exclusive area contracts, while 46 percent require total inventory turnover with a contractually based mark-up.

More than 70 percent of the large companies offer assistance in the way of operations manuals, computerized management programs, assistance for the opening of the points of sale, as well as training seminars. Most companies hold annual conventions and provide newsletters and comprehensive assistance programs.

The cost of a franchise varies from a minimum of $50,000 to an average cost of $150,000 up to $350,000 and sometimes more. Most franchise contracts are drawn up for a period of three to five years.

DIRECT MARKETING

There are many logistical problems of operating a nationwide sales network as well as managing the growing personnel and promotion costs. Part-time employment is presently restricted, although there are now some moves to liberalize regulations governing part-time employment. Marketing firms are developing new distribution techniques designed to employ the casual worker and to target groups of consumers by catalog, door-to-door sales, teleshopping or telemarketing. The most widely used methods of direct marketing are:

- Direct selling, mainly used in the nonfood sector.

- Mail order, catalog sales, or orders placed directly with the supplier.

Mail order marketing has been in Italy for approximately 15 years. Although direct marketing is considered a very effective marketing technique, it still remains a modest channel of distribution for Italian companies. One of the disadvantages of this technique, which may be overlooked by foreign investors, is frequent delays by the postal system. However, the establishment of a semiprivate nationwide express mail service, the proliferation of couriers, and the arrival of foreign parcel delivery services now offer alternatives to the national mail system.

Telephone direct marketing is growing faster than any other selling technique. With the development of new telephone equipment, the business world has turned to the use of the facsimile, making Italy the second largest per capita user in the world.

Teleshopping (home shopping through TV) is becoming a popular sales approach to reach the consumer. There are a number of privately owned television stations which mainly host telemarketing programs.

Telecommunications technologies are playing an increasing role in the process of restructuring the distribution system. Scanners, electronic cash registers, and display management systems are now common while computerized stock control systems, customer databases, and inventory control programs are being used only by the large distribution networks. The more sophisticated groups have also resorted to consulting services, resulting in technical cooperation agreements between a number of Italian and international chains.

Electronic Commerce: The penetration of the Internet in Italy (4 % of the total population in 1998) is still low, when compared to that in the U.S. and in comparable European countries. As a consequence, the volume of transactions through the Internet is marginal: $230 million in 1998, of which 75 % was business-to-business. Approximately 40 % of total sales through the net was made by Italian firms, and the balance by foreign suppliers. In 1998, only about 300 Italian firms (out of 56,000 Italian firms that had their own web site) were reported to sell products and services through the net. Currently, U.S. exporters cannot expect to be able to reach large numbers of Italian firms or consumers by relying on the Internet. However, they should consider that e-commerce is growing rapidly also in Italy, and it is predicted to reach at least $ 3.7 billion by the year 2000.

LEASING

It has become common to lease, rather than buy, certain types of machinery. The leasing of foreign machines is usually arranged with Italian clients through local branch offices or agents of foreign manufacturers established to provide this type of service. Leasing is complicated by the fact that the importation, payment of customs duties, and other related business formalities must be taken care of by a firm established in Italy. Such tasks would usually be done by either an agent of the foreign manufacturer or by the Italian lessee. Because the lessee is often not willing to assume the inconvenience of handling importation of leased equipment, local representation is usually necessary.

JOINT VENTURES / LICENSING

A joint venture (Associazione in Partecipazione) involves the participation by a supplier of capital in the profits of the business. The operator manages the business and is solely responsible for the obligations he or she assumes toward third parties. The person furnishing the capital is responsible for any loss in direct proportion to his or her share in the net profit, limited to the amount of his/her original investment.

Joint ventures can be for one-time defined transactions with a definite duration (contractual joint venture) or a permanent cooperation between separate groups through the incorporation of a joint-stock company (corporate joint venture). Corporate joint ventures are now seen frequently in Italy.

Licensing in Italy allows foreign entities to profit from technology transfers of a formula, process or patent without the need to invest substantial capital. The Italian government imposes no exchange control limitations on the transfer of royalties abroad. Protection over the use and ownership of the technology transferred should be included in the terms of the licensing agreement.

STEPS TO ESTABLISHING AN OFFICE

A foreign citizen wishing to establish temporary or permanent residence in Italy to administer a business or to manage a corporation should obtain a business visa for this purpose from one of the Italian Consulates in the United States. All individuals or firms in business in Italy must be registered with the local Chamber of Commerce, Industry and Agriculture. This is a quasi-government office, operating essentially as a field office of the Ministry of Industry and Commerce. To register with this office, an agent for a foreign company must produce a power of attorney duly notarized by Italian consular or diplomatic official in the country of the principal.

ADVERTISING AND TRADE PROMOTION

Advertising in Italy has grown rapidly in volume, importance, and sophistication. This growth in advertising has been accompanied by a proliferation of advertising agencies and an expansion of services. Along with Italian-owned agencies, there are joint ventures with other European or American firms. While some agencies specialize in specific services and media, a large number of full service agencies deal with all advertising aspects and have market research capabilities.

Media use for advertising is as follows: newspapers, 35 percent; magazines, 35 percent; radio and television, 22 percent; movies, 2 percent; other methods, 6 percent.

Newspapers and magazines: The main means of product advertising in Italy is through daily newspapers. Newspapers work closely with advertising firms, both Italian and foreign. However, since the newspapers themselves do not maintain advertising departments, advertising firms must place their ads with special agencies commissioned by the papers to receive advertising for them.

Of about 90 daily newspapers in Italy, only a dozen or so are distributed throughout the country. While some 230 Italian and foreign periodicals are on sale in Italy, only about 20 have a large circulation (see list below).

Television: Italy is served by three public television networks operated by Radiotelevisione Italiana (RAI), a government-regulated company in which the state owns a majority interest. The three networks carry commercials in programs all day long. There are also 4 major nationwide privately-owned television stations. In addition, some 100 private television stations are licensed for local broadcasting.

Radio: There are three radio stations owned and operated by RAI. These are on the air for more than 340 hours weekly, and commercial time is available. In addition to the three networks, there are hundreds of local radio stations and several national private stations.

Motion Picture Theaters: Wide use of film clips is made for advertising purposes. There are some 10,000 motion picture theaters in Italy and many regularly show advertising. The rates for advertising vary according to the showing time and class of the theater. Advertising is shown during every intermission. Therefore, this medium may be used to reach a wide market and cuts across economic strata.

Posters and Billboards: Poster advertising is handled by a number of specialized companies, as is electric sign advertising, which is subject to special regulations. Poster advertisement on walls, along streets, in street cars, buses, and other means of transportation are used to reach the consumer market. Both posters and billboards are subject to the approval of provincial authorities and to payment of a tax on poster advertising.

Show Windows and Flyers: Show window advertising is extensively used in Italy. Displays are usually attractively done and show prices of the items for sale. Advertising flyers are in common use, and street banners are used also for special occasions. Loudspeakers are used for advertising at sporting events. Direct advertising, through the distribution of gifts, samples, and price reduction coupons, is frequently used to motivate consumers.

Trade Fairs: Exhibitions are a cost-effective method to enter a foreign market and meet a wide range of buyers interested in a particular industry sector. Sales professionals find that trade fairs attract extensive buyer attendance and frequently can be used to gauge acceptance and pricing of new products and to observe the competition.

In the course of a few days, a new market entrant may be able to generate more qualified and motivated prospects than by using any other sales approach. Also, fairs are useful for finding an agent, distributor, or representative. The U.S. Department of Commerce frequently organizes U.S. pavilions at events that are identified as providing excellent prospects for American exporters. Information on participating in Italian trade fairs can be obtained from Department of Commerce Export Assistance Centers located throughout the United States.

For information about trade fairs at Fiera Milano, the large international trade fair site in Europe, firms can contact Fiera Milano's U.S. representative for information by calling 1-800 524-2193. Fiera Milano organizes an extensive variety of international shows each year, and the U.S. Department of Commerce participates in some of these events.

Major Italian newspapers and business journals

Newspapers

AVVENIRE
Piazza Garbonari, 3
20159 Milano
tel. 39-02-67801
fax. 39-02-678-0208
www.avvenire.it
lettere@avvenire.it

CORRIERE DELLA SERA
Via Solferino, 28
20121 Milano
tel. 39-02-6339/628-27246
fax. 39-02-2900-9668/2900-9705
www.corriere.it
astroni@rcs.it

LA DISCUSSIONE
Piazza del Gesú, 46
00186 Roma
tel. 39-06-6902-0931/679-6564
fax. 39-06-6920-9333

IL FOGLIO
Largo Corsia dei Servi, 3
20122 Milano
tel. 39-02-771-2951
fax. 39-02-878-596
www.ilfoglio.it
lettera@ilfoglio.it

LA GAZZETTA DEL MEZZOGIORNO
Viale Scipione l'Africano, 264
70124 Bari
tel. 39-080-547-0400
fax. 39-080-547-0488
gazz@interbusiness.it

GAZZETTA DEL SUD
Via Ubeto Bonino, 15/C
98124 Messina
tel. 39-090-2261
fax. 39-090-2936-359/2932-063
www.gazzettadelsud.it

GIORNALE DI SICILIA
Via Lincoln, 21
90133 Palermo
tel. 39-091-662-7111
fax. 39-091-662-7280/617-7517
www.gds.it

IL GIORNALE
Via Gaetano Negri, 4
20123 Milano
tel. 39-02-85661
fax. 39-02-7202-3859/80

IL GIORNO
Piazza Cavour, 2
20123 Milano
tel. 39-02-77681
fax. 39-02-7600-6656
ilgiorno6@ecs.net

IL MANIFESTO
Via Tomacelli, 146
00186 Roma
tel. 39-06-687-191
fax. 39-06-689-2600/6871-9573
www.ilmanifesto.it
redazione@ilmanifesto.it

IL MATTINO
Via Chiatamone, 65
80121 Napoli
tel. 39-081-794-7111
fax. 39-081-794-7288
www.ilmattino.it

IL MESSAGGERO
Via del Tritone, 152
00187 Roma
tel. 39-06-47201
fax. 39-06-472-072
www.ilmessaggero.it

LA NAZIONE
Via Ferdinando Paolieri, 2
50121 Firenze
tel. 39-055-87951
fax. 39-055-234-3646
www.lanazione.it
nazione@pim.it

L'OSSERVATORE ROMANO
Via del Pellegrino
00120 Citta' del Vaticano
tel. 39-06-6989-9310
fax. 39-06-6988-3675
www.vatican.va/news_services/or/home_ita.html
ornet@ossrom.va

IL PICCOLO
Via Guido Reni, 1
34123 Trieste
tel. 39-040-373-3111
fax. 39-040-373-3283
www.ilpiccolo.it

IL POPOLO
Via del Gesú, 62
00186 Roma
tel. 39-06-695071
fax. 39-06-6994-2377
www.ilpopolo.it

LA REPUBBLICA
Piazza Indipendenza, 11/b
00185 Roma
tel. 39-06-49821
fax. 39-06-4982-2923
www.larepubblica.it

IL RESTO DEL CARLINO
Via Mattei, 106
40138 Bologna
tel. 39-051-536-111/530-202
fax. 39-051-532-990

IL SECOLO XIX
Piazza Piccapietra, 21Via Varese, 2
16121 Genova
tel. 39-010-53881
fax. 39-010-538-8426
www.ilsecoloXIX.it

LA SICILIA
Viale Odorico da Pordenone, 50
95126 Catania
tel. 39-095-330-544
fax. 39-095-338-073/336-466

IL SOLE-24 ORE
Via Paolo Lomazzo 52
20154 Milano
tel. 39-02-31031
fax. 39-02-312-055/317-519
www.ilsole24ore.it
info@ilsole24ore.it

LA STAMPA
Via Marenco, 32
10126 Torino
tel. 39-011-65681
fax. 39-011-655-306/310-0759
www.lastampa.it

IL TEMPO
Piazza Colonna, 366
00187 Roma
tel. 39-06-675-881
fax. 39-06-675-8869/315

L'UNITÀ
Via dei Due Macelli, 23/13
00187 Roma
tel. 39-06-699-961
fax. 39-06-678-3555/ foreign desk: 679-1988
www.mclink.it/unita1

Major Italian Business Journals

L'ESPRESSO
Via Po, 12

00198 Roma
tel. 39-06-84781
fax. 39-06-884-5167
www.espressoedit.it

ITALIA OGGI
Via Marco Burigozzo, 5
20122 Milano
tel. 39-02-582-191
fax: 39-02-5831-7559
www.italiaoggi.it
italiaoggi@class.it

MILANO FINANZA
Via Puligozzo, 5
20122 Milano
tel. 39-02-582-191
fax: 39-02-5831-7509
www.milanofinanza.it

PANORAMA
Viale Mondadori 1
20090 Segrate (MI)
tel. 39-02-75421
fax. 39-02-7542-2769
www.mondadori.com/panorama

Via Sicilia 136
00187 Roma
tel. 39-06-474-971
fax. 39-06-4749-7345

IL MONDO
Via Angelo Rizzoli, 2
20132 Milano
tel. 39-02-25841
fax. 39-02-2720-1158
www.ilmondo.rcs.it

PRICING PRODUCT

When providing the Italian buyer with a price quote, American firms most frequently provide a quote that includes sales price plus packing costs, insurance, and freight to the named point of destination. This is called the c.i.f. price. The average Italian business representative can then usually determine the charges for customs, taxes, and local transportation to arrive at the final landed cost to the importer. The customary terms of sale in Italy are either cash on delivery (which is rare) or settlement 60-120 days after invoice date (more common).

Sales made on cash terms call for payment before delivery, on delivery, or shortly after delivery -- usually within 10 days from the date of delivery. A 2 to 5 percent discount is made for payment of the full amount of the transaction at the end of the specified period from 1 to 4 months from the date of the invoice. The length of the period depends on the commodity involved, the credit standing of the buyer, and the marketing and sales objective of the seller. A period of up to 2 years is often allowed for payment of capital goods, store equipment, trucks, and similar heavy equipment.

Italian firms indicate that some American suppliers are too rigid in their payment terms and have thus lost business to other suppliers because of their rigidity. Financing is considered as much a competitive factor as the product itself, the delivery date, or after-sales service.

While some U.S. manufacturers request payment upon receipt of the goods, more successful sellers are offering terms allowing settlement of the account from 60 to 120 days following date of invoice, which is the most common practice in Italy.

The use of irrevocable letters of credit for the Italian market has declined appreciably in recent years. Although such instruments are still required by American exporters, especially when the Italian customer's credit reputation is not well known, the growing reluctance of Italian firms to provide letters of credit has required American exporters to turn to other methods to assure payment or lose the sale to other suppliers in the competitive Italian market. The Italian businessperson is reluctant to pay a high fee for a letter of credit when other suppliers or means of payment are available. American firms have put to greater use the export credit insurance and guarantee programs available through the Foreign Credit Insurance Association (FCIA).

Quotes and Payment Terms

Italian importers generally prefer price quotes on a c.i.f. basis since they are usually familiar with the Italian customs charges and value-added taxes levied on the product at the time of importation, but may not be acquainted with U.S. costs for trucking, ocean, or air freight. Large Italian firms and department stores, however, may prefer to buy on other terms when they arrange for the shipping and insuring the goods. Quotes and invoicing are usually in terms of the currency of selling country.

American quotes, usually stated in dollars and on a f.o.b. basis, are completely acceptable to Italian buyers. The usual practice of American firms selling to a new customer is to require cash against documents for the first sale or two. After establishing credit, the importer will expect to pay by 30-, 60-, or 90-day letter of credit. In all cases, the American exporter will have to decide how to strike a balance between making the sale perhaps more easily with liberal financing terms versus striking a sale by seeking more secure payment terms. When first starting out, American firms may often find it necessary to offer their best price and payment terms in order to land the sale in the competitive international market. Later, prices may be adjusted as sales and volume permit.

The Italian buyer may request a quote or shipment of goods under INCOTERMS. This is a set of international rules defining the important commercial terms and practices. By referencing INCOTERMS in contracts or invoices, both buyer and seller will have a uniform understanding of their responsibilities in an agreement. Copies of the 90-page publication Guide to INCOTERMS are obtainable from ICC Publishing, 156 Fifth Avenue, New York, NY 10010, (212) 206-1150. Exporters can also obtain information from the Dun & Bradstreet Exporters' Encyclopedia.

Merchandise may be examined by the Italian importer before customs clearance for inventory purposes. Goods cannot clear customs without shipping documents and payment of any required customs duty, applicable value-added taxes, and excise taxes. These formalities must be undertaken by the importer at the time of clearing customs. Import licenses, if required, should be presented by the importer within the period for which they were issued.

SELLING TECHNIQUES/SERVICE / CUSTOMER SUPPORT

An American company that is successful in Italy becomes so because its products are marketed with the same diligence employed in the U.S. market. Whether the firm establishes a manufacturing operation or a sales branch, or appoints a commission agent, a stocking distributor, or a combination agent/distributor, the American exporter must make a long-term commitment to exporting and follow sound marketing practices in order to sell successfully in the Italian market. A key factor in this commitment to serving the overseas buyer is the local stocking of parts and giving priority to immediate air shipments on request of the European customer.

An American company that is entering the competitive Italian market is advised to commit the resources needed to market the products properly and establish long-term sales to achieve maximum sales volume. The appointment of a resident representative is extremely important. Business promotion and market knowledge, there is no effective alternative to a resident representative who is part of the local business community and readily available to customers. Having a local representative is particularly important when the product is complex and may be expected to require follow-up servicing or modification. Local representatives are familiar with the product and needs of the customer and are in a position to solve problems. Personalized service is frequently demanded by customers, creates goodwill, and often stimulates repeat sales. Technical manuals and promotional literature should be in Italian. Italy is a competitive market where reliability is important. Local representatives with solid reputations and promotional material in

Italian reflects a commitment to customer service and enhouses the prestige of the American firm.

A number of U.S. firms maintain their own sales organizations in Italy. Still others sell through specialized importers or appoint sales agents who often are manufacturers' brokers. A large, well-established Italian firm with an efficient nationwide sales organization is likely to insist on an exclusive arrangement. About 7,500 U.S. firms are represented in the Italian market through agents, branches, subsidiaries, or licenses. Of these, nearly 850 have a substantial direct capital investment in the form of stock as a sole owner or partner in an enterprise. Generally, the sales territory includes all of Italy. In other cases, the territory also covers the entire European Union, depending on the type of product and degree of technical support needed. Italian distributors also have excellent contacts with Eastern Europe and the Mediterranean Basin.

SELLING TO THE GOVERNMENT

The Italian government does not typically purchase goods and services abroad unless they cannot be procured locally through domestic sources, which would include subsidiaries, branches and agents of American companies. In order to be considered as a source for Italian government purchases, it is recommended that the American firm be represented by an agent/distributor rather than try to deal directly with Italian government agencies.

Each of the Italian agencies maintains its own list of contractors and suppliers. Therefore, U.S. firms need to contact each agency directly to establish their eligibility. U.S. companies must first establish their financial and technical capabilities by presenting them directly to the Italian agencies.

PROTECTING YOUR PRODUCT FROM IPR INFRINGEMENT

From 1989 through 1997, the U.S. Trade Representative placed Italy on the intellectual property rights "watch list" under the Special 301 provision of the United States Trade Act of 1988, primarily reflecting problems with protection of copyright for computer software, sound recordings and film videos. In 1998, USTR raised Italy to the Special 301 "Priority Watch List" due to delays in passing effective anti-piracy legislation, and to introduction of European content requirements (TV broadcast quotas) at the national level that are more strict than those required by the EU Broadcast Directive (see "Broadcast Directive and Motion Picture Quotas" below). The U.S. kept Italy on the "Priority Watch List" in 1999.

In recent years, the Italian Government has substantially increased enforcement actions against both video and software pirates, creating an Interministerial Anti-Piracy Committee, specialized training courses for

Italy's three law enforcement agencies, and "pools" of prosecutors specialized in combatting intellectual property crimes in Milan, Rome, Naples and other major cities. The Government’s efforts have led to significant decreases from previous levels in both piracy rates and piracy losses for U.S. copyright industries; however, further effort will be needed to reduce the level of piracy, which remains unacceptably high.

Italy is a member of the Paris Union International Convention for the Protection of Industrial Property (patents and trademarks) to which the United States and about 85 other countries adhere. U.S. citizens generally receive national treatment in acquiring and maintaining patent and trademark protection in Italy. In addition, after filing a patent application in the United States, a U.S. citizen is entitled to a 12-month period within which to file a corresponding application in Italy and receive the benefit in Italy of his or her first U.S. filing date (rights of priority). The priority right filing period for trademarks is 6 months.

Italy is also a member of the Berne Copyright Union and adheres to the Universal Copyright Convention to which the United States and 50 other countries are signatories. U.S. authors can thereby obtain copyright protection in Italy for their work first copyrighted in the United States merely by placing on the work, their name, date of first publication, and the symbol ©. In turn, Italian authors have the same rights in the United States for works first copyrighted in Italy.

Patent and trademark applications and inquiries should be addressed to:

Ministero dell'Industria, del Commercio, e dell’Artigianato
Ufficio Italiano Brevetti e Marchi
Via Molise, 19
00187 Rome, Italy

Applications and inquires concerning copyrights should be addressed to:

Presidenza del Consiglio dei Ministri
Dipartimento per l’Informazione e per l’Editoria
Via Boncompagni, 15
00187 Rome, Italy

Laws Governing Intellectual Property Rights

Patents and Licensing: The principal laws governing patent protection are Royal Decrees No. 3731 of October 30, 1859, No. 1127 of June 29, 1939, Law No. 633 of April 22, 1941, and Presidential Decree No. 338 of June 19, 1979. Decree 338 amends the former Italian legislation and implements the European Patent Convention. To be patentable, an invention must be novel, that is, it cannot have been available to the public anywhere else before the date of the filing or of the priority claimed.

Patents are granted for 15 years from the effective filing date of application. They are assignable and transferable. A patent can be subject to compulsory licensing if not worked within 3 years from date of grant or 4 years from the filing date of application, whichever is later. In accordance with Italy's Uruguay Round implementing statute (Law 747 of December 29, 1994) and the implementing decree enacted on March 19, 1996, the Italian law was amended so that the introduction or sale in Italy of items manufactured in foreign countries belonging to the World Trade Organization constitutes working of the invention.

Licensing and technical assistance agreements with foreign firms are encouraged by the government. The foreign exchange necessary to effect payment abroad (including the United States) of bona fide royalties and/or technical assistance fees can be obtained simply upon application to the Italian Exchange Office through a bank. Applicants are required to produce the original contract with the foreign concern and to submit a certified copy of such a contract. A certificate confirming the validity of the patent should also be submitted in the event that the contract provides for the use of patents.

Annual taxes must be paid each year during the period an Italian patent is in force. These taxes are progressive and range from lire 1,000 for the first year to lire 35,000 for the 15th year.

Trademarks: The principal trademark registration laws are Royal Decree No. 929 of June 21, 1942, and Presidential Decree No. 795 of May 8, 1948. Some types of terms are not registrable as trademarks, such as those deemed to be generic, those containing false indications of quality or origin of goods, and those with similar terms already registered by others in Italy or for which applications are pending. For some goods, geographic names may not be used in trademarks nor can the portraits of persons be registered without their consent.

Trademark applications are examined for acceptability of their format and consistency with the laws. If an application is in order, the mark will be registered. There is no opportunity for opposition and the first applicant is entitled to registration. However, any other person who claims to be the first user of the mark in Italy can have the prior registration cancelled, provided one can prove the claim. No claim of prior use can be made after the registered mark is 5 years old.

Trademarks are registered for 20 years from the effective application filing date and are renewable for similar periods. Failure to use a mark within 3 years after its registration can result in cancellation. Trademarks may be assigned to other users provided such action does not involve deceptive trade practices.

For administrative purposes, trademark products are classified under 42 groups (1-34 for products and 35-42 for services). Applications must indicate the appropriate classification.

Copyrights: Both Italy and the United States are signatories of the Universal Copyright Convention, which provides for mutual copyright protection. In Italy, copyrights are protected by Law No. 633 of April 22, 1941 and Decree Law No. 82 of August 23, 1946. Executive recognition in the form of copyright protection to the author is accorded intellectual creations pertaining to science, literature, music, decorative arts, architecture, the theater, and motion pictures.

The following additional legislation relating to the protection of copyright was subsequently issued: Illegal duplication of phonographic material (No. 406 7/29/81); Illegal duplication and transmission of film works (No. 400 7/20/85); Illegal duplication of software (No. 518 12/20/92 - enacting EU Directive 91/250) -- penalties for software piracy were subsequently increased by legislative decree in April 1996; Rental and neighboring rights related to intellectual property (No. 685 11/16/94 - enacting EU rental rights directive and outlawing unauthorized “bootleg” recordings of live performances).

Further detailed information on procedures regarding patent, trademark, and copyright protection in Italy should be obtained from competent legal counsel.

EU Initiatives on IPR

Italy is also a signatory to the European Patent Convention, which provides for a centralized European-wide patent protection system (Italy has not yet ratified the convention). The European Patents Act of 1977 provides increased legal protection, a patents court, and guidelines for compensation of an inventor. Under the European Convention, an applicant for a patent is to be granted a preexamined 15-year, non-renewable European patent that has the effect of a national patent in all 16 countries that are signatories of the convention, based on a single application to the European Patent Office. This procedure should expedite the granting of patents. However, infringement proceedings remain within the jurisdiction of the national courts, which could result in some divergent interpretations. Further information may be obtained from the European Patent Office, Motorama-Haus, Rosenheimer Strasse 30, Munich, Germany.

The EU commission is attempting to harmonize copyright protection in several areas and views continued progress as a key part of its programs for the internal market. The software directive, approved by the European Council in 1991, entered into force on January 1, 1993. Seven member states including Italy have transposed the directive into national legislation. The directive on rental and lending rights, approved by the Council in 1992, was implemented in Italy in late 1994 (see above).

In September 1993, the Council adopted a directive on the harmonization of copyright laws in satellite broadcasting and cable retransmission (EU Directive 93/83). This measure allows satellite broadcasters to clear in their country of origin full copyright responsibility for their entire footprint throughout Europe. In an attempt to overcome the significant divergences among the member states in this area of IPR protection, in October 1993, the Council adopted the directive on the harmonization of the duration of copyright and of certain related rights (EU Directive 93/98). It provides for the term of copyright to be harmonized for a period of 70 years after the author's death. For related rights, it harmonizes the term of protection at 50 years from the date of production. Italian Decree Law 544 of June 1995 and Law 52 of February 1996 implemented these two directives.

NEED FOR A LOCAL ATTORNEY

American companies which are interested in setting up agencies, distributorships, licenses or joint ventures are encouraged to seek professional legal advice and counsel. The American Embassy in Rome, as well as the individual Consulates, maintain a list of lawyers (according to geographic jurisdiction) which is available to the public.

PERFORMING DUE DILIGENCE

Information on specific Italian firms is available from a variety of private agencies. American companies can contact their local U.S. Department of Commerce Export Assistance Center for a listing of firms offering this service. In addition, this section includes a list of Italian private sector firms which provide this service. American banks also provide credit information services.

Just as the terms of any sales offer should be presented in a clear and detailed manner, shipments should conform to the contract and to any samples which may have been sent to the Italian importer. Special attention should be given to the prompt observance of agreed delivery schedules, as prompt delivery may be a decisive and possibly an overriding consideration of the importer in placing additional orders. When shipping on letter of credit, all terms specified on the letter of credit must be strictly observed. If the terms are not followed, the letter of credit may not be honored by the issuing bank.

ITALIAN PRIVATE SECTOR FIRMS PROVIDING BACKGROUND INFORMATION CHECKS:

DUN & BRADSTREET KOSMOS SpA
Via di Valtorta, 48

20127 Milano
Tel: 39-02-284-551
Fax: 39-02-287-2181

EUROINFORM ITALIA srl
Via Roma, 108/F
20060 Cassina de' Pecchi MI
Tel: 39-02-954-291
Fax: 39-02-9530-1869

LINCE SpA
Corso Vittorio Emanuele, 22
20122 Milano
Tel: 39-02-77541
Fax: 39-02-7602-0458

PONZI SpA
Corso Monforte, 9
20122 Milano
Tel: 39-02-7600-2821
Fax: 39-02-781-515

MARKETING U.S. AGRICULTURAL PRODUCTS AND SERVICES

The Italian food sector is finally evolving into a dynamic sector with ample export opportunities for U.S. products. It is no longer taboo to eat non-traditional Italian foods or ethnic foods. Hamburgers and hot dogs are considered ethnic foods! Experts expect U.S. processed food and food products exports to increase $200 to $400 million in the next couple of years. Most of these sales will be through the 30+ supermarket chains and restaurants. However, Italy still lags behind some of the other major European countries with similar socioeconomic parameters in restructuring its food distribution system, but progress in this area has accelerated. There is a slow, but steady movement towards the consolidation of both processors and distributors which will favor increased cooperation with foreign firms, particularly in the north. Higher unemployment rates and lower incomes are slowing changes in the south. Family run shops, which once dominated over 80 percent of the retail food sector, are in a decline as a result of the growing consumer preference for modern distribution formats, the increased importance of price in consumer decision making, new stricter tax regulations and higher space rental costs and more liberal hours of operation. However, strong traditional preferences in food and shopping mean that this trend will develop slowly. It is estimated that in Italy is at least 5 years behind other European countries such as France and Germany in its marketing trends.

The relationship between the Italian food processing industry and food distributors is changing dramatically. There are now over 6500 supermarkets and hyper-markets in Italy. Many of the larger companies have become vertically integrated, while the smaller entities have closed their doors or made significant changes to become more competitive. Sales receipts for larger chain stores are increasing rapidly.

Hard discount stores have become firmly established in the Italian market, particularly in the north. The soft consumer demand has forced price into the forefront although Italians remain quality conscious. New research and expanded promotion trials have been undertaken to improve market share. Private labels are becoming more and more popular. This trend tends to favor least-cost suppliers.

There are over 30 retail food chains in Italy. As with most other agricultural sectors, no single chain or company commands more than 2% or 3% of the market. They can be divided into two main categories: chains owned by individuals, corporations or cooperatives; and networks of individually owned independent stores that share in group purchasing and logistical, marketing and (sometimes) financial services. Some networks incorporate a form of vertical integration by including one or more wholesalers. Most retail outlets in Italy are still individually owned and operated.

Important differences exist in Italian style supermarkets versus U.S. food chains. For example, Italian shoppers still prefer to walk to their local supermarket, thus packaging is smaller and lighter. Brand loyalty is high and Italy has one of the lowest levels of penetration of private labels in Europe. However, private labels are on the rise and represent a real opportunity for U.S. companies.

Many of the larger supermarket chains have centralized buying offices and attend foreign food shows to seek new products. In addition, supermarkets, hypermarkets and hard discounts stores may act as direct importers. Wholesale marketing channels vary greatly according to the commodity (i.e. fish versus dried fruit). Regional wholesale markets continue to be important distribution points for fresh foods.

Most imported food products still enter the Italian market through brokers or specialized traders. Price is an increasingly important basis for import purchases, although quality and novelty alone does move some products. Imported products enter Italy indirectly from Rotterdam or directly via air, although 95% of all freight inside of Italian borders is transported via truck.

Northern Italy remains the country's most important economic region. The north accounts for almost 55 percent of national income and 45 percent of the population. The large difference in average income means that household expenditures on food and drink vary considerably by region. For example, the average family in northern Italy spends less than 19 percent of their income on food, while a southern family spends over 24 percent of total income on food items.

The importance of the tourist industry in Italy cannot be underrated.

Approximately 30 million tourists visit Italy every year, and it is estimated that an additional 10 million will come for the Catholic Jubilee in the year 2000.

Food service outlets vary greatly and bars and cafes are becoming increasingly important for American type foods. The popularity of snack foods has pushed up demand for fast food outlets and the typical Italian coffee bar now stocks a broad selection of sweet and salty snacks and ice creams, in addition to serving hot and cold plates.

The institutional food sector has consolidated and become much more efficient in recent years. Institutional cafeterias and restaurants are most interested in semi-prepared foods, frozen foods, ready to cook pasta or individual dishes and snacks. Roughly 12% of all frozen food purchases are frozen french fries, many of which are prepared in the microwave. Other than frozen foods, there appears to be few opportunities for U.S. sales in the institutional food sector.

Consolidation of small companies and an increasing number of joint ventures is also continuing in the food processing sector. Selling strategies are more aggressive and marketing/PR spending is on the upswing in order to survive the price competition inspired by the advent of hard discount stores.

Italian food processors are seeking specialized ingredients such as whole grain flours and organic cereal products. Food processors are using an increasing amount of dried fruits and nuts (i.e. in the bakery and ice cream industry) in order to develop new products. Products with technical advantages such as sugar substitutes and exotic fruits and vegetables also are in increasing demand.

V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

A. BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES

Following is a listing of non-agricultural products and services which are considered to offer particularly good opportunities for U.S. exporters. Sectors are listed in rank order based on estimated 1999 import market size. Statistics are unofficial estimates based on best available data and industry sources. The Commercial Service in Italy organizes special trade promotion events in many of these and other sectors. For more information please contact the Commercial Service at the American Embassy in Rome or the American Consulate General in Milan, Italy (see Appendix E for contact information).

1. Insurance Services
2. Travel and Tourism Services
3. Automotive Parts and Service Equipment
4. Computers and Peripherals
5. Computer Services
6. Industrial Process Controls
7. Medical Equipment
8. Electric Power Systems
9. Computer Software
10. Airport and Ground Support Equipment
11. Franchising
12. Pollution Control Equipment
13. Pet Products
14. Education and Training Services
15. Telecommunications Services

Rank: 1

Name of Sector: INSURANCE SERVICES
ITA Industry Code: INS

Total direct insurance premiums (exclusive of re-insurance) collected in Italy in 1998 increased 23 percent in nominal terms. This included an extraordinary 40 percent increase in the sale of life insurance, which for the first time surpassed the total amount of casualty insurance premiums. Life insurance now represents 52% of the entire Italian insurance business. This remarkable increase is a direct consequence of increasing uncertainties with regard to guarantees offered by the Italian state pension and health systems. Among the factors that contributed to this trend is the need for Italian households to increase the proportion of savings set aside for retirement. Others include their lesser preference for cash assets (a result of the drop in interest rates and the increased appeal of equity investments). Italian households are therefore showing an ever-increasing interest in insurance coverage and “managed” savings, to the detriment of traditional forms of savings, such as government bonds and bank deposits.

The remarkable growth in life insurance purchases is also due to the variety of distribution channels and the introduction of innovative products such as index-linked and unit-linked policies. Among the top ten companies operating in the sector are eight large Italian insurance companies. Foreign-owned insurance companies, which have been quite aggressive in the market, maintain an estimated market share of 30 percent. Countries whose firms have the strongest market presence are Germany, Switzerland and France. There are a handful of U.S. companies presently doing business in Italy. While they have increased their sales by 29% in recent years, they still represent only 0.34 percent of the market. Nonetheless, U.S. companies are expected to take advantage of greater opportunities in Italy due to the liberalization of the EU insurance services market. In addition, given the priority of the pension and health reform by the Italian Government, the insurance industry will be playing a more important role in Italy's financial markets, both as a source of capital and management for the newly-created private pension funds and as a complementary system for the national pension and health systems.

U.S. firms, which have operated in highly competitive environments, and have a long history and expertise, especially in life insurance, pension funds, individual retirement accounts, and health insurance, should take advantage of increased Italian need for insurance products. There is ample ground to believe that the Italian insurance industry will experience a further increase of 20% during 1999, with life insurance growing at about 30%.

DATA TABLE:
USD MILLIONS

	1997	1998	1999
A. Total Sales	47,730	57,674	67,160
B. Sales by Local Firms	46,770	54,791	62,403
C. Export Sales by Local Firms	13,360	14,419	15,391
D. Sales by Foreign-owned Firms	14,320	17,302	20,148
E. Sales by U.S.-owned Firms	155	197	239
Exchange rate: 1 U.S. DLR = Lire	1,703	1,737	1,790

The above statistics are unofficial estimates.

Rank: 2
Name of Sector: TRAVEL AND TOURISM SERVICES
ITA Industry Code: TRA

Italy ranks fourth among the world's top tourism destinations, and second in total receipts. At the same time, Italy is a country where taking a vacation is a must and national tradition. In 1997, 58.6% of Italians took at least one vacation, another 22.3% took two to four vacations, and another 1% took over 5 vacations. Italy also has a high percentage of outbound travelers -- 33% of the Italian adult population travels abroad every year. The outbound travel started to develop only a decade ago, and can still grow considerably.

In general, Italian workers enjoy a period of 5-6 weeks of paid leave every year. Normally, three to four weeks leave are taken during the summer months especially August, the rest mainly in winter, either at Christmas time or February for ski vacations. It has been estimated that in the summer of 1998, 38 million Italians made at least one one-day trip in August.

In 1997/98 Italy was the European country with the fastest growth in terms of visitors to the U.S. With over 610,000 arrivals in 1998, Italy became again the sixth most important overseas market for the U.S. tourism industry. Not only did the number of visitors from Italy to the U.S. increase, but the overall level of expenditure (including airfares) that reached $2.3 billion and despite and the lira devaluation against the U.S. dollar.

The U.S. is the most preferred long haul destination for Italian tourists. The number of repeat visitors is also increasing, opening further possibilities for less known destinations within the U.S.

DATA TABLE:
USD MILLIONS

	1997	1998	1999
A. Total Holiday Expenditures	61,000	63,200	64,200
B. Domestic Travel	45,200	46,600	47,500
C. Incoming Travel	29,700	30,500	30,700
D. Outgoing Travel	15,800	16,600	16,700
E. Travel to the U.S.	2,260	2,300	2,360
Exchange rate: 1 U.S. DLR = Lire	1,703	1,737	1,790

The above statistics are unofficial estimates.

Rank: 3

Name of Sector: AUTOMOTIVE PARTS AND SERVICE EQUIPMENT
ITA Industry Code: APS

The Italian automotive market, after recording an historically record level of sales in 1997 (with 2,411,900 automobiles sold), remained relatively stable during 1998. Automobile sales amounted to 2,364,200, decreasing by only 2%, despite the July 31, 1998 expiration of national automobile purchase incentives. Sales of industrial and commercial vehicles actually rose 15% during 1998, reaching sales of almost 200,000 units.

The market for automotive parts, components, accessories and service equipment grew at an estimated 14% rate in 1998, with domestic production covering approximately 67% of the demand (12% increase compared to 1997), with imports covering the remaining 33% (41% increase). Sales of original equipment (OE) experienced an overall increase of 4% and accounted for 69% of total components demand (17% of which were covered by imports, which increased by 8%.) Italian car manufacturers tend to use imported components to a much lower extent than commercial/industrial vehicle producers. After-market (AM) sales increased 20% and represented 31% of overall components demand (61% of which were imports, which grew 47%). The main foreign suppliers were Germany (32%) and France (27%). Imports from the U.S. represent only 3% of overall imports.

Italy reportedly has the highest auto density in the world and one of the oldest circulating auto fleets in Europe, with approximately 36 million vehicles currently on the road. While a reduction in the growth of the vehicle fleet coupled with an increase in the reliability of components might signal a slowdown in market growth, the higher frequency of periodic compulsory motor vehicle inspections is expected to spur sales in Italy of spare parts, components and service equipment, and to contribute to the elimination of cars no longer deemed safe. Sales of U.S. auto parts, accessories, components and service equipment shipments to Italy are expected to grow at a 6% average annual rate for the next couple of years. In addition, U.S. industry is also supplying the Italian market primarily from its European subsidiaries and pursuing several joint ventures and "green field" investments. Best prospects include the wide range of passive and active security components/accessories, environmentally friendly features, and light weight/acoustic insulation/advanced materials.

DATA TABLE:

USD MILLIONS

	1997	1998	1999
A. Total Market Size	18,224	20,295	20,192
B. Total Local Production	25,517	28,033	28,291
C. Total Exports	12,140	14,450	15,004
D. Total Imports	4,847	6,712	6,905
E. Total Imports from U.S.	176	213	219
Exchange rate: 1 U.S. DLR = Lire	1,703	1,737	1,790

The above statistics are unofficial estimates.

Rank: 4

Name of Sector: COMPUTERS AND PERIPHERALS
ITA Industry Code: CPT

The computer and peripherals sector is forecast to maintain its position as one of the best prospects for U.S. imports in the next three years. Information and Communications Technology (ICT) solutions are seen as a way to implement companies’ business strategies. As a result, investments in this sector are significant. The growth of this sector is and will be greatly influenced by Italian industry efforts to reorganize by achieving more rational and flexible internal structures and increasing efficiency and productivity.

The increasing need for networking and Internet technologies will represent one of the major driving forces. The market for LANs and WANs is developing at very high rates. Also, the need for network systems offering increased resource sharing capabilities, advanced enterprise communications features, and integration of data, voice and images on standard platforms is booming. Excellent prospects exist for intelligent hubs, LAN and ATM switches, bridges and routers, gateway products, remote access servers, network interface cards, network security systems, and protocol conversion hardware. Good prospects also exist for high-end Unix servers -- used in complex solutions in Internet, ERP and data warehousing environments --, and for Wintel servers. Personal computers have recorded their highest growth rate over the last two years, both in unit and value terms, and should continue to show excellent results through 1999. Sales of PC servers are expanding, as they are progressively being used for applications such as data warehousing, supply chain integration, knowledge management, business intelligence, web and e-commerce. Demand for desktop and mid-range portable PCs is also growing, as well as demand for CD-ROM and multimedia products. The consumer/home PC market is becoming increasingly important and is expected to become one of the major driving forces in the next three years.

U.S. technology and standards are highly regarded, and the best opportunities for success lie with American companies offering innovative and sophisticated products, and willing to team up with well-established Italian firms for distribution or joint venture agreements.

DATA TABLE:
USD MILLIONS

	1997	1998	1999
A. Total Market Size	4,810	5,190	5,615
B. Total Local Production	5,065	5,265	5,500
C. Total Exports	3,280	3,390	3,505
D. Total Imports	3,025	3,315	3,620
E. Total Imports from U.S.	1,040	1,300	1,450
Exchange rate: 1 U.S. DLR = Lire	1,703	1,737	1,790

The above statistics are unofficial estimates.
Rank: 5

Name of Sector: COMPUTER SERVICES
ITA Industry Code: CSV

The computer services sector continues to represent one of the major driving forces in the Italian Information and Communication Technology (ICT) market. The Italian industry is increasingly investing in ICT solutions, which are no longer perceived as a cost, but as a means to implement the company’s business strategies.

The highest investments are expected to be made in the areas of solutions and services related to systems and network integration, data warehousing, decision support systems, business intelligence, document management, ERP applications, support to integrated logistics, call centers implementation, customer care services, smart card applications, billing, ticketing and booking applications.

The internet-related services sector is also particularly dynamic, with intranet/extranet and electronic commerce solutions as the areas with the highest potential in the short term, and other services, such as home banking and online financial services as areas with a good potential in the medium term.

The growing complexity of technologies, resulting from the convergence of information technology and telecommunications and from the widespread utilization of the Internet and Intranet, is leading Italian companies to resort increasingly to external service providers to supplement their in-house capabilities.

Global outsourcing and "selective" outsourcing services (data processing, hardware/software maintenance, applications management, network management, desktop management and disaster recovery services) will be increasingly utilized as tools to operate efficiently and cost-effectively.

The U.S. dominates the market and its superiority in this sector is widely recognized. Good opportunities exist for new-to-market U.S. companies offering highly specialized and integrated services and willing to team up with well-established Italian firms.

DATA TABLE:
USD MILLIONS

	1997	1998	1999
A. Total Market Size	5,050	5,430	5,800
B. Sales by Local Firms	3,640	3,800	3,940
C. Exports by Local Firms	155	165	170
D. Sales by Foreign-owned Firms	1,565	1,795	2,030
E. Sales by U.S.-owned Firms	1,160	1,346	1,525
Exchange rate: 1 U.S. DLR = Lire	1,703	1,737	1,790

The above statistics are unofficial estimates.
Rank: 6

Name of Sector: INDUSTRIAL PROCESS CONTROLS
ITA Industry Code: PCI

In 1998, the Italian market for process controls recorded an unexpected 4.6% growth, despite the modest performance of the Italian economy. The reason for this trend in the sector is the willingness of Italian processing industries(e.g., food, pharmaceuticals, chemicals) to improve production capability in order to face market challenges more competitively.

The process control application markets with above average prospects for growth are environmental clean-up, utilities, the food industry and chemicals. The segments with the best growth performance are “mature” products such as Programmable Logic Controllers (PLCs), which should continue to grow at a 3-4% rate until 2001, and the new PC-based controllers. PC-based controllers are a relatively new application in process controls, for which business analysts forecast an average annual growth rate in Europe of 90 percent through 2003.

U.S. companies should be able to maintain, if not increase, their share of the Italian market because of the superior quality and innovative nature of their products. However, they should also take into consideration the field bus standardization developments which are going on at the level of the IEC/CENELEC, in order to remain competitive.

DATA TABLE:
USD MILLIONS

	1997	1998	1999
A. Total Market Size	3,450	3,550	3,660
B. Total Local Production	2,350	2,400	2,470
C. Total Exports	625	640	670
D. Total Imports	1,725	1,790	1,860
E. Total Imports from U.S.	540	560	570
Exchange rate: 1 U.S. DLR = Lire	1,703	1,737	1,790

The above statistics are unofficial estimates.

Rank: 7

Name of Sector: MEDICAL EQUIPMENT
ITA Industry Code: MED

The National Healthcare System (SSN) guarantees free medical care to all 57 million Italians and is the major healthcare provider in Italy. The Ministry of Health establishes the fundamental objectives of healthcare, including preventive care and rehabilitation, defines the level of healthcare guaranteed to all citizens and issues guidelines for the organization, delivery and funding of healthcare services paid by the SSN.

Public hospitals account for 75 percent of the total expenditures of medical equipment and products, with the balance being held by private healthcare facilities. The SSN has jurisdiction over 1,005 public hospitals with a total of 311,000 beds. The average stay in public hospitals is estimated at approximately 9.5 days, with a cost of $350 per day. The private healthcare service providers account for 782 private and independently operated clinics, with a total of 74,000 beds. The latest trend shows an increase in the number of private healthcare facilities over public hospitals. An area of major concern related to local healthcare practices is the delay in payment terms, both by public and private hospitals, which averages 260 days, and can sometimes reach over 500 days.

The Italian market for medical equipment relies heavily on imports. Major suppliers are the United States, Germany, and Japan. Only a small number of Italian companies can compete effectively in the most sophisticated and hi-tech areas. At present, a large percentage of the medical equipment in use is obsolete, with potentially adverse effects on patients. In recent years, the local health care market has suffered from drastic cuts in public expenditures in an effort to reduce overall public expenditures. Prices are now considered to be the primary factor in purchasing decisions. Forecasts for future growth in this sector are moderately optimistic and are expected to average 5 percent annually.

DATA TABLE:
USD MILLIONS

	1997	1998	1999
A. Total Market Size	2,700	2,780	2,850
B. Total Local Production	1,026	1,056	1,083
C. Total Exports	270	279	285
D. Total Imports	1,744	1,803	1,852
E. Total Imports from U.S.	906	996	1,090
Exchange rate: 1 U.S. DLR = Lire	1,703	1,737	1,790

The above statistics are unofficial estimates.

Sector Rank: 8

Sector Name: ELECTRIC POWER SYSTEMS
ITA Code: ELP

Despite the economic slowdown of the past two years, which has created difficulties in the implementation of the National Energy Plan, and, as a consequence, the planned investments in energy equipment and systems, the demand for electric power has continued to grow. Italy, which in 1994 decided to ban nuclear power for energy production, is heavily dependent on foreign sources of energy, and imports almost 80% of its power needs. Electricity is largely imported from neighboring countries (France, Austria and Switzerland) and both the government and the industry (i.e. ENEL, the National Electric Company, which produces and distributes some 80% of the electricity) are seeking alternatives to traditional energy production systems. Also, in the last few years, there has been a shift in energy production fuels from oil/coal to oil/gas. Power generation policy is focusing on investments in energy production (including incentives to self producers), diversification of energy sources, promotion of energy conservation technologies and utilization of alternative renewable sources. As a result of the EU Directive on Electricity, Italy is in the process of opening its electricity market to both domestic and foreign competition. Although market liberalization is expected to stimulate increased demand for electric power systems, independent power producers have been holding off major investments while the new regulations governing the Italian energy market are clarified.

Alternative energy systems represent only a fraction (some 5-6%) of the total energy market; however, there is growing interest, especially for high-tech and sophisticated design, in sectors like wind energy generation equipment, solar energy generation equipment (especially photovoltaic) and biomass. These renewable sources should reach 10% of the total energy production by 2003. There is good market potential also for advanced fuels systems, peak-load gas turbines and cogeneration systems.

European competition is strong and growing through a number of mergers and acquisitions aimed at acquiring increasingly larger market shares. U.S. firms should concentrate their efforts on innovative products/systems while strengthening their leadership in licensing and technical cooperation, since the majority of Italian manufactured heavy electrical machinery is made under U.S. licenses.

DATA TABLE:

USD MILLIONS

	1997	1998	1999
A. Total Market Size	5,590	5,790	5,820
B. Total Local Production	5,800	6,020	6,050
C. Total Exports	1,850	1,930	1,940
D. Total Imports	1,640	1,700	1,710
E. Total Imports from US	310	320	320
Exchange Rate: 1 U.S. DLR = Lire	1,703	1,737	1,790

The above statistics are unofficial estimates.

Sector Rank: 9

Sector Name: COMPUTER SOFTWARE
ITA Industry Code: CSW

The Italian computer software market is estimated at over 3 billion dollars and is Europe’s fourth-largest. Application software accounts for approximately 57 percent of the total market, and systems software for 43 percent (middleware accounts for 56 percent of systems software). The software market’s strong performance in 1998, with an estimated growth of 8 percent over 1997, is due to a number of market factors: the industrial and business world continued implementing cost cutting measures and restructuring, new telecommunications providers made substantial investments in telecom software; there was a sudden surge in the use of the internet, which more than doubled its subscribers during 1998, and in purchases of home computers; corporate sectors, with financial and banking services at the lead, adapted their operating systems to the euro currency conversion and to the date change to the year 2000.

The following are software subsectors which should continue to expand:
- first and foremost, the impact of the internet will be felt in the growth in application development tools (knowledge management and web centric systems are major drivers for internet applications);
- demand for firewalls and global solutions that incorporate encryption, authentication, digital certificates, public key management and standards support will increase as the need for internet security grows with the introduction of electronic commerce and financial transactions over the internet;
-the application server market, for software designed to link existing business computer systems with the latest web application, whether on the internet or internal corporate networks, will emerge as a new tool for integrating old and new software systems;
- for effective information resource and business management, data warehousing software and ERP software will fulfill crucial roles.;

As technological changes accelerate and users are presented with a multitude of new opportunities, U.S. software is well placed to benefit in a market which recognizes the supremacy and innovative quality of American products.

DATA TABLE:

USD MILLIONS

	1997	1998	1999 (est.)
A. Total Market Size	2,877	3,051	3,198
B. Sales by Local Firms	1,815	1,960	2,034
C. Exports by Local Firms	320	331	349
D. Sales by Foreign-owned Firms	1,382	1,422	1,513
E. Sales by U.S.-owned Firms	998	1,035	1,134
Exchange Rate: 1 U.S. DLR = Lire	1,703	1,737	1,790

Source: ASSINFORM for 1997 and 1998 Total Market Size
Other statistics are unofficial estimates.

Sector Rank: 10

Sector Name: AIRPORT AND GROUND SUPPORT EQUIPMENT
ITA Industry code: APG

The Italian market for airport and ground support equipment is showing signs of recovery after a difficult period that lasted until 1997. This recovery is mainly due to resumption of expenditures for capital equipment by both central and regional governments authorities, in order to achieve two main objectives: enable the main airports to face the ever stronger European competition and prepare for the massive passenger traffic expected for the year 2000 Jubilee. The market is therefore expected to expand with increased near term investments and expenditures for airport expansion (i.e. Milan International Airport Malpensa 2000, which, though officially completed, still requires additional work, especially for traffic control systems); upgrading of existing infrastructures (i.e. Naples Capodichino airport, Rome Leonardo da Vinci airport), and purchase of ground support equipment and systems, in order to meet world standards of safety, performance and system maintenance.

14 Italian airports have been designated for updating air transportation management and passenger/cargo terminal facilities. Besides government and regional financing, nearly USD 500 million will be spent in this sector by private enterprises by 1999, and a similar figure is expected for the year 2000.

As U.S. technology and design is highly regarded by the Italian airport and ground support equipment operators, U.S. manufacturers should be able to compete successfully against the increasingly strong efforts of companies from European countries such as Germany, France and U.K. U.S. industry, which already supplies nearly 25% of the total market, is likely to maintain or even slightly improve its market share through 2000.

DATA TABLE:
USD MILLIONS

	1997	1998	1999
A. Total Market Size	2,470	2,530	2,540
B. Total Local Production	1,840	1,880	1,890
C. Total Exports	770	780	790
D. Total Imports	1,400	1,430	1,440
E. Total Imports from U.S.	650	660	660
Exchange Rate: 1 U.S. DLR = Lire	1,703	1,737	1,790

The above statistics are unofficial estimates.

Rank: 11

Name of Sector: FRANCHISING
ITA Industry Code: FRA

Franchising is perceived as the most innovative way to introduce a new business concept in Italy and is playing a significant role in the development of the local economy. Franchising has been growing at an average annual rate of 10.5 percent over the last few years and forecasts for the next three years indicate that this same rate will be maintained.

In 1998, Italy had close to 500 franchisors and over 22,000 franchisees. In the same year, the total turnover of the franchising sector was in excess of $ 10 billion, representing close to 3 percent of the total retail and service sales in Italy. Total number of employees in franchising operations has risen to 58,000.

The highly fragmented Italian retail distribution system is gradually being replaced with more modern distribution arrangements. Some of the greatest obstacles to franchising are being removed, and despite complex bureaucratic hurdles, there has been continued expansion of new and existing franchising operations.

The most dynamic sectors are services, with 183 franchisors; personal items, with over 120 franchisors; and food outlets, with 25 franchisors. Adaptability to the Italian business and cultural environment and flexibility in setting master license fees are key factors for the successful introduction of a foreign franchise.

U.S. franchises rank second in the marketplace (after the French franchises) with 30 companies generating a sales volume of approximately $600 million. The success that McDonald’s, Mail-Boxes, Etc., and Blockbuster Video, have achieved indicates great potential for American companies and have encouraged recent entries such as Dunkin’ Donuts, Burger King and PostNet.

DATA TABLE:
USD MILLIONS

	1997	1998	1999
A. Total Market Size	9,938	10,625	11,760
B. Total Local Production	9,820	10,500	11,600
C. Total Exports	733	800	890
D. Total Imports	851	925	1,050
E. Total Imports from U.S.	400	580	720
Exchange Rate: 1 U.S. DLR = Lire	1,703	1,737	1,790

The above statistics are unofficial estimates.

Sector Rank: 12
Sector Name: POLLUTION CONTROL EQUIPMENT AND SERVICES
ITA Industry Code: POL

In Italy, the pollution control equipment and services market continues to be one of the best prospects for U.S. products, technologies and services. Environmental issues are presently of great public interest, due to the increasing impact of pollution in Italy and in the rest of the world. Italian industrial companies are placing increasing emphasis on waste minimization and pollution prevention in production processes and recycling projects.

The Italian government has implemented EU directives on waste, hazardous waste, and waste packaging and is moving forward in their application. Italy has recently enacted a "Water Safeguard Law," a comprehensive reform of Italy’s water quality/discharge. Long-awaited public/private cooperation in waste-management has started to take place. New local government programs and the growing awareness of environmental problems will also stimulate recycling and treatment of non-hazardous and hazardous materials, such as plastic, glass, paper, spent household batteries, pesticides, containers of toxic and flammable materials, and oils and emulsions. In addition, the more stringent water legislation and higher water and wastewater charges are likely to stimulate the modernization of industrial water and waste water treatment systems.

The Italian industry is largely dependent on foreign expertise for know-how. In particular, U.S. products and technologies are highly regarded. Competition in the marketplace is fierce, but demand is strong for truly innovative products and services. Moreover, Italy’s strategic position in the Mediterranean Basin makes it an ideal gateway to the emerging markets of Eastern Europe, as well as North Africa, and the Middle East. Italian companies specializing in turnkey operations have strengthened their position in foreign markets and developed excellent contacts there. As a result, the right Italian partner could assist U.S. firms in not only cracking the Italian market, but also in effectively entering other foreign markets.

DATA TABLE:

USD MILLIONS	1997	1998	1999
A. Total Market Size	3,980	4,292	4,456
B. Total Local Production	3,610	3,893	4,042
C. Total Exports	440	475	492
D. Total Imports	810	874	906
E. Total Imports from U.S.	360	388	403
Exchange Rate: 1 U.S. DLR = Lira	1,703	1,737	1,790

The above statistics are unofficial estimates.

Rank: 13

Name of Sector: PET PRODUCTS
ITA Industry Code: PET

Research based on industry information and market data show that pet ownership in Italy is on the increase, making it the fourth highest in Europe, after the U.K., Germany and France. As a result, the market for pet products in Italy is becoming increasing in significance and expanding.

The Italian pet market has experienced the highest growth in Europe in recent years. However, it still is far from being saturated. It is estimated that between 1988 and 1993 the Italian pet product sector increased by 47 percent in real terms, while for the period 1993-1998 it grew by and additional 23 percent, also in real terms.

Total turnover in the Italian pet product market in 1998 was USD 1.887 billion (3,279 billion lire), a 27 percent increase over 1996 and a 12 percent over 1997. Most of the turnover is generated by pet food sales, which amounted to USD 1.008 billion (1,751 billion lire in 1998), or 53.5 percent of total turnover; pet accessories and other non-food products recorded a turnover of USD 218 million (378 billion lire), or 11.5 percent of the market; and spending for health-related products and veterinary products, as well as pet and animal sales and veterinary services accounted for USD 662 (1,150 billion lire), or 35 percent of the market.

These statistics suggest an optimistic future for the pet product sector in Italy. U.S. companies wishing to expand their sales should seriously consider Italy as a prime target. Excellent export opportunities exist in Italy for American manufacturers of pet products, as the Italian market is extremely receptive to U.S pet products. U.S. companies may want to consider participating in the U.S. pavilion at Zoomark Pet Show. This is Europe’s second largest pet product/food show and is held in Milan. Zoomark 2000 will be held in May. Please contact Milan’s Commercial Service for more information.

DATA TABLE:
USD MILLIONS

	1997	1998	1999
A. Total Market Size	1,720	1,887	2,100
B. Total Local Production	1,230	1,320	1,400
C. Total Exports	110	113	120
D. Total Imports	600	680	820
E. Total Imports from U.S.	117	130	155
Exchange Rate: 1 U.S. DLR = Lira	1,703	1,737	1,790

The above statistics are unofficial estimates.

Rank: 14

Name of Sector: EDUCATION AND TRAINING SERVICES
ITA Industry Code: EDS

The education and training services sector encompasses language training, including language courses in both Italy and abroad; post-university programs (master's programs and doctorates); and executive management training programs. Language training, with an estimated value of $650 million in 1998, and postgraduate programs, with an estimated value of $410 million, are by far the largest segments.

It has been estimated that only 7% of Italians have a sufficient command of the English language to be able to use it in business transactions. On the other hand, the importance of possessing adequate language skills is becoming increasingly recognized in an era of globalization, and more and more Italians, both companies and individuals, are ready to invest time and money in order to learn foreign languages, particularly English. A market with great potential is that of language courses abroad, as many Italian families are sending their children overseas to study and practice a foreign language. In the Italian market, the United Kingdom maintains the lion's share, but there is an increasing trend towards studying in the U.S.

Another market in which the U.S. has a larger and increasing share, is that of postgraduate education. In 1998, approximately 3,500 Italians obtained a J1 visa, which is granted to such students. Although this figure is still low compared to other European countries, increasing cooperation between the U.S. and the European Union in educational exchange programs, as well as more numerous bilateral agreements between Italian and U.S. universities are likely to increase the number of Italian students and young researchers going to the U.S.

Finally, there is growing demand for executive management programs, both in the public and private sectors. Italian enterprises are increasingly recognizing the need to restructure their organizations to meet international competition and develop a global strategy for their business. The public sector at both the national and regional levels is also seeking to reorganize its operations to reduce expenditures while providing services more efficiently.

DATA TABLE:
USD MILLIONS

	1997	1998	1999
A. Total Market Size	1,090	1,170	1,250
B. Total Local Production	540	580	610
C. Total Exports	30	30	30
D. Total Imports	80	620	670
E. Total Imports from U.S.	120	130	145
Exchange Rate: 1 U.S. DLR = Lire	1,703	1,737	1,790

The above statistics are unofficial estimates.

Sector Rank: 15
Sector Name: TELECOMMUNICATIONS SERVICES
ITA Industry Code: TEL

Italy’s market for telecommunications services, estimated at 23 billion dollars, is the world’s sixth-largest. The sector comprises basic services, which accounts for approximately 98 percent of the total, and value-added services which accounts for 2 percent.

Mobile telephony still plays a key role in the growth of telecommunications services. The rise in subscribers, numbering 20 million in December 1998, fuelled a 35 percent increase in revenues, which totaled around 10 billion dollars. Fixed-line services were affected by the remarkable expansion in cellular usage and revenues fell by 0.5 percent during 1998, with prospects of more negative performance in years to come. Data transmission services grew by an estimated 17 percent from 1997, and with Italy expected to join the approaching “data wave, this sub-sector is expected to increase even more substantially.

Future market indicators: Advances in technology, the globalization of business and increased market competition will contribute to even more profound changes in the Italian scenario:
- the demand for data transmission services will increase strongly, chiefly associated with the internet;
- the cost of long-distance calls will fall further following several recent reductions;
- quicker, better data and value-added services at substantially lower prices will be offered to corporate clients;
- local calls will become cheaper;
- the convergence of fixed line and mobile communication services will offset the effects of fixed-line displacement.

The best prospects for U.S. suppliers of services are: telecom services for the diverse needs of the Italian business community, data communications i.e. value-added telecom services, LANs/WANS/Internet/WWW, satellite communications, cable TV and interactive TV, and multimedia communications.

DATA TABLE:*
USD MILLIONS

	1997	1998	1999
A. Total Market Size	21,109	23,046	24,723
Bsales by Local Firms	21,109	22,816	24,423
C. Exports by Local Firms	--	--	--
D. Sales by Foreign-owned Firms**	--	230	300
E. Sales by U.S.-owned Firms**	--	--	70
Exchange rate: 1 U.S. DLR = Lire	1,703	1,737	1,790

*Source: ASSINFORM for Total Market Size and Sales by Local Firms
**Unofficial estimates as Foreign-owned Firms only entered the market in 1998, and U.S.-owned Firms in 1999

B. BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

The Italian diet has become an international reference point as it combines both Continental and Mediterranean eating habits. Italians have access to a broad range of fresh foods due to their own wealth of agricultural production. While they remain fairly traditional in their food habits, the "MTV" generation wants more variety in their food than their parents. Italy still spends more per capita on food than any other EU country except Portugal.

Both American style fast food chains and American style buffet/salad bars are establishing themselves more firmly in the Italian market. This move toward cheaper and more convenient dining has led Italian importers to seek out U.S. food products adapted to self-service eateries. Many bars, restaurants and food service companies also are seeking foods that microwave easily. While home use of microwaves is still low, microwaves sales are increasing. Families with two working parents in the cities are relying more and more on microwaves to reheat food and prepare frozen foods.

Italy imports and produces a large quantity of "American style" foods such as breakfast cereals, organic foods, snack foods and pre-packaged food mixes. The Italian youth market is especially interested in lifestyle foods such as American beer and salty snacks. In the non-alcoholic beverage area, demand is booming for flavored mineral waters, isotonic sport drinks and fruit juice based drinks of all kinds. U.S. origin products do very well in the Italian seafood market (i.e. fresh lobster, salmon and frozen squid, etc.) and U.S. exports of bulk and packaged dried fruits and nuts including popcorn are on the upswing and expected to continue to rise in the next year.

In addition to high-value products, U.S. companies also should look for opportunities to supply Italian export industries with raw materials. Forest products remain one of the most important U.S. exports to Italy. However, the volume of imports decreased as a direct result of the higher value of the U.S. dollar versus the Italian lira. The Italian forest product market is characterized by the import of raw materials for manufacturing finished products for export. The Italian economy also affects domestic purchases of these products, but a strong foreign demand is compensating for the weak demand in the domestic market.

Following are products ranked by potential growth opportunities for U.S. exports to Italy. These products are ranked from highest export growth potential to lower growth potential.

Processed Food Products and Beverages
Forest Products (hardwood and softwood lumber)
Fresh Meats (non-hormone treated beef and pork)
Seafood
Wheat

Pet Foods
Structural Panels
Hides, skins, leather
Cotton
Tree nuts
Corn Gluten Feed
Soybeans
Pulses
Vegetable Seeds
Tallow/animal fats
Prunes
Animal Genetic Material (semen and embryos)

Some other best prospects are:

Oilseeds (2230000)
PS&D Code: IT9706A

[1000 Metric Tons]	MY1997	MY1998	MY1999(estimate)
A. Total Market Size	2477	2646	2620
B. Total Local Production	1841	1641	1490
C. Total Exports	84	60	50
D. Total Imports	715	375	1130
E. Total Imports from U.S.	208	228	258

Oil meals (0810000)
PS&D Code: IT9706A

[1000 Metric Tons]	MY1997	MY1998	MY1999(estimate)
A. Total Market Size	3699	3920	3853
B. Total Local Production	1679	1736	1807
C. Total Exports	40	50	50
D. Total Imports	2060	2223	2123
E. Total Imports from U.S.	200	200	200

Comment: In 1998, total oilseed production declined by 11 percent to approximately 1.6 MMT due to adverse weather conditions, and is expected to decline further to 1.5 MMT in 1999 because of a decrease in planted area due to reduced EU aids and unfavorable market prices. Recently-adopted Agenda 2000 oilseeds policy will gradually reduce the aids per hectare even further, likely making oilseeds less remunerative than corn and other grains. An increase in domestic soybean production and meal importation have led to an eight percent drop in imports. Total soybean meal imports increased, with imports from the U.S. increasing by 92 percent, partly due to adjustments in the Brazilian export tax system. Olive oil production in 1998/1999 is unofficially estimated to have dropped by 27 percent from 1997/1998 to 420,000 tons mainly due to the trees’ biennial production cycle.

Wheat, Corn, Rice and Oats (0410000)(0440000)(0430000)(0422110)
PS&D Code: IT9711A

[1000 Metric Tons]

	MY1997	MY1998	MY1999(estimate)
A. Total Market Size	23246	23376	23250
B. Total Local Production	19515	19705	20480
C. Total Exports	4122	3570	3700
D. Total Imports	8488	8040	7140
E. Imports from U.S.	672	530	380

Comment: The Italian market for U.S. grains is presently restricted to certain wheat classes used by the local processing industry to produce particular kinds of flour or semolina. Quality continues therefore to be the major factor affecting U.S. shipments to Italy. Imports of U.S. bread wheat mainly consist of Dark Northern Spring (chiefly produced in North Dakota) imported to improve the quality of flour blends used to produce traditional Italian holiday cakes. Shipments of U.S. durum, which are mainly "desert" durum from Arizona and southern California, are growing, mainly because Italian pasta makers like its special quality aspects. Competition from Canada remains a major constraint to sales of U.S. wheat in Italy. Another good export prospect is for U.S. pulses. Competitors to U.S. pulses in the Italian market include China, Argentina and Turkey. The market for U.S. feed grains and rice remains limited, because of the high level of domestic production.

Cattle and Swine (0013000) (0011000)
PS&D Code: IT9752B*

[head]

	1997	1998	1999(estimate)
A. Total Mkt Size/Slaughter	16750	17000	17200
B. Total Local Production	15148	15609	15700
C. Total Exports	154	130	130
D. Total Imports	2800	2897	2900
E. Total Imports from U.S	--	--	

* Does not include genetic material

Comment: The United States is the leading supplier of genetic material (bull semen), accounting for approximately 55% ($5 million) of total imports. The majority of these imports are for semen from Holstein Frisian bulls, but a market also exists for Brown Swiss semen.

Hides/Skins Bovine (2111000)
PS&D Code: IT9652B

	[Metric Tons]		
	1997	1998	1999(estimate)
A. Total Mkt Size (Consumption)		570	540530
B. Total Local Production	92	88	88
C. Total Exports	30	34	34
D. Total Imports	491	500	500
E. Imports from U.S.	18	32	32

Comment: Italian imports of U.S. hides and skins are strictly linked to the fortunes of the Italian tanning and leather industry. The popularity of American style shoes, which require a heavy side leather, accounts for the demand for the U.S. product. Production in the Italian tanning industry declined slightly in 1997, due to a decline in Italian shoe and leather exports. Imports of U.S. hides and skins increased almost 400% in the early months of 1998 as Italian importers took advantage of lower prices resulting from a temporary collapse of Korea’s leather processing industry. Italy, is also the largest consumer of classic reptile skins in the world (including alligator from the US, Nile crocodile and crocodiles from Africa, Asia and Australia). The skins are used to support Italy’s position as the world’s largest producer of shoes and leather goods such as bags, belts, wallets made from reptile skin.

C. SIGNIFICANT INVESTMENT OPPORTUNITIES

The Italian government's privatization program, which affects a variety of sectors from aerospace to energy, offers potential opportunities for U.S. companies and investors. In addition, the government has sought for decades to promote development in the economically disadvantaged areas of the country, particularly in Southern Italy, known as the "Mezzogiorno."

Recently, the government has recognized the potential of the tourism industry to revitalize depressed areas and increase employment. Consequently, it is seeking to boost investment in, and provide incentives for, tourism infrastructure projects. Most regional governments have plans to expand one airport in their region to international status and build others to operate on an interregional basis, as well as to extend railways and motorways that currently do not reach tourist centers. There are plans for marinas to be expanded. There are projects for higher quality hotels to integrate with existing ones, to develop holiday villages for family tourism, and to introduce new types of tourism such as eco-tourism, adventure travel and virtual reality parks. These projects may qualify for Italian and/or European Union development funds. There are a variety of opportunities for U.S. firms related to feasibility studies, marketing, construction, management services, architectural conservation and other tourism infrastructure-related services. The Italian government is generally favorable towards foreign investors and projects funded by EU or regional funds can be accessed by U.S. companies through agreements with Italian and/or European partners.

For information on tourism infrastructure projects, American firms should contact the Commercial Service at the U.S. Consulate in Naples. For information and contacts related to Italian Government investment incentives see Section VIII "Availability of Project Financing."

The Government of the United States acknowledges the contribution that outward foreign direct investment can make to the U.S. economy. U.S. foreign direct investment is increasingly viewed as a complement or even a necessary component of trade. Nearly sixty percent of total U.S. exports originate with American firms with investments abroad. Recognizing the benefits that U.S. outward investment brings to the U.S. economy, the Government of the United States undertakes initiatives, such as Overseas Private Investment Corporation (OPIC) programs, bilateral investment treaty negotiations and business facilitation programs, that support U.S. investors.

VI. TRADE REGULATIONS AND STANDARDS

TRADE BARRIERS

Broadcast Directive and Motion Picture Quotas

Italy passed legislation in 1998 to significantly tighten European content requirements (TV quotas). The new law replaces Italy's previous requirement that a majority of television broadcast time for feature films be reserved for EU-origin films, and that half of the European quota be dedicated to Italian films. The new quota goes beyond the EU "Broadcast without Frontiers" Directive by applying quotas specifically to prime time broadcasting, and by excluding talk shows from the types of programming that may be counted towards fulfilling the quota. (The Directive excludes only news, sports, game shows, advertising, teletext and teleshopping. The Italian law excludes these categories as well, but additionally excludes talk shows.)

A separate but related issue concerns films shown in Italian theaters. The film sector law approved by parliament on February 23, 1994, eliminated obligatory screen quotas for Italian films (heretofore 25 days per quarter subject to closing of the theater, under a 1965 law), and in their place substituted discretionary rebates on Italy's box office tax for theaters that show Italian films. The rebates and eligibility thresholds (percentages of screenings required to qualify) vary according to the category of the film. The United States continues its efforts both to obtain elimination of discriminatory laws and regulations in the audiovisual sector and to limit their impact in the interim.

Civil Aviation

Since 1990, the United States/Italy civil aviation relationship has undergone some liberalization, including the entry of new U.S. carriers in 1991, 1992, and, most recently, in 1996. An “Open Skies Agreement” was initiated with Italy in November 1998. Once in force, it promises to liberalize the civil aviation market dramatically.

Government Procurement

In Italy, fragmented, often non-transparent government procurement practices and previous problems with corruption have created obstacles to U.S. firms' participation in Italian government procurement. However, Italy has made progress in making the laws and regulations governing government procurement more transparent, although Italy has not yet fully updated its government procurement code, nor has it completely implemented EU directives on government procurement. In addition, the pressure to reduce government expenditures while increasing efficiency is resulting in increased use of competitive procurement procedures and greater emphasis on best value rather than automatic reliance on traditional suppliers. This trend is benefiting U.S. firms; to successfully meet the bureaucratic requirements, however, most firms rely on experienced local representatives and/or agents.

CUSTOMS REGULATIONS/TARIFF RATES/IMPORT LICENCE REQUIREMENTS

Prior to signing a long-term contract or sending a shipment of considerable value, it may be prudent for a U.S. exporter to first obtain an official ruling on the customs classification, duty rate, and taxes. Such requests should be sent to the Ministry of Finance’s Customs Department, Rome, Italy (see “Customs Contact Information” at the end of this Section). The request should describe the product, the material it is made from, and other details needed by customs authorities to classify the product correctly. While customs will not provide a binding decision, the advance ruling usually will be accepted if the imported goods are found to correspond exactly to the full description provided when requesting the ruling.

With exception of a small group of largely agricultural items, practically all goods originating in the United States and most other free-world countries can be imported without import licenses and free of quantitative restrictions. There are, however, monitoring measures applied to imports of certain sensitive products. The most important of these measures is the automatic import license for textiles. This license is granted to Italian importers when they provide the requisite forms.

Various apparel and textile products, and controlled items such as arms and munitions are the most frequently regulated items. Import licenses are generally rapidly granted for goods of U.S. origin and delays are usually from lack of proper documentation or information.

Licenses are not transferable. They may be used to cover several shipments within the total quantity authorized. In general, the goods involved are indicated on the license by the Harmonized System classification number and the corresponding wording of the tariff position.

VALUE-ADDED TAXES

While customs duty rates are the same for all 15 EU countries, the value-added tax (VAT) and excise tax on products and services usually differ from country to country. These taxes are levied in the country of final destination. Following is the schedule of VAT rates presently applicable in Italy:

Zero rate: Applies to exports outside the EU and supplies of goods to entrepreneurs in other EU states, sales of ships and aircraft and related parts, and supplies (with certain limitations) and specified services relating to international operations;

4%: Applies to numerous basic agricultural products, basic foodstuff (i.e. bread, milk and fruits), certain medical aids, books and newspapaers;

10%: Applies to certain agricultural products, transportation servies for individuals, most foodstuff, livestock and meat, most pharmaceutical products, energy for private use, telecommunication services rendered through public phones (tlc for private use are at 20% rate), services rendered by hotels and restaurants and the cost of domestic airline tickets;

20%: As the standard rate, applies to all goods and services not subject to other rates (including most of the goods previously subject to the 12% rate – i.e., shoes, textiles, records and tapes).

TEMPORARY GOODS ENTRY REQUIREMENTS

Temporary Imports
Material may temporarily be imported into Italy without payment of duties and tax if such material is to be used in the production or manufacture of a product that is to be exported. The importer gives security, usually in the form of a guarantee from a bank or insurance company, for the amount of the usual duties and taxes. Upon exportation of the finished product, the guarantee is released or the deposit returned.

Temporary entry of goods intended to be reexported in the same condition is permissible free of import duties and taxes upon approval of an application by Italian Customs.

Samples without commercial value are admitted free of duty and taxes. Product literature should be marked "product Literature - no commercial value". Samples with commercial value are also admitted duty and tax free, provided that the following conditions are complied with:

(a) The samples are accompanied by a representative of the U.S. firm with a statement, notarized by an Italian Consulate, identifying the commercial traveler and attesting to the intention that the samples are being imported into Italy for the purpose of being shown or demonstrated and they are to be reexported in due course.

(b) A certificate of origin from a recognized chamber of commerce is submitted to identify the source of the goods.

(c) A deposit or bond, in the amount of the applicable customs duties and taxes, is made at the point of entry. This will be refunded when the goods are reexported.

(d) A list (in duplicate) with a full description of each sample, including weight and value, is submitted. It is helpful to have such a list in Italian.

U.S. traders should be aware of another and more simplified procedure in the form of a carnet for the temporary importation of samples without posting guarantees. See the "Carnets" section located in Chapter IX: Business Travel (under Temporary Entry of Goods).

In practice, samples valued in excess of lira 1 million (or about 1,250 USD) are practically impossible to clear through Italian customs. In such cases, it is advisable to engage the services of a local freight forwarder.

Goods in Transit

Goods may clear customs with an EU transit procedure that provides for the issuance of a single transit document under which the goods may be easily shipped across frontiers of the EU member states. These transit documents are completed for the importer by a freight forwarder in Italy. The EU transit document provides the basis for a single, comprehensive procedure covering the goods within the EU. Since single transit document is an EU form, the European importer, customs house broker, freight forwarder, or shipper must prepare the document at the point of entry.

Inward and Outward Processing

Inward processing is the temporary importation of raw material or products for additional manufacture or processing. Merchandise imported for additional processing and eventual reexport out of the EU is eligible for custom-free treatment.

The reexported goods may be partly or totally processed. The import duty and taxes are levied only on those goods that are not reexported and are finally sold in the EU.

To qualify for inward processing, an Italian (or EU) firm must satisfy customs that it is necessary to use imported goods instead of EU goods; state an intention to export products manufactured from the imported goods (or equivalent goods available in the EU); and assure that, upon reexportation, the conditions set forth in the authorization are satisfied, the exported products are accounted for, and the entered goods are identifiable and relate to specific importations.

In outward processing, a firm in Italy may export goods for further manufacture or processing from the EU customs area and then reimport the final product. Duties and taxes are levied only on the increased value added by the expatriate manufacturing or processing when the goods are returned to Italy and not to the total value of the product. Only firms located in Italy or another EU country are eligible to take advantage of this option, and they should first gain approval of the Customs authorities.

SPECIAL IMPORT/EXPORT REQUIREMENTS AND CERTIFICATIONS

Documents required for exporting include the usual shipper's commercial invoice and the bill of lading or air waybill, none of which require consular legalization. For textiles and apparel, it is good practice to provide a certificate of origin, available through most state chambers of commerce. For other products, however, if substantive proof of U.S. origin is provided through other accompanying documents as well as through characteristic trademarks, a certificate of origin is not normally necessary. For additional information or assistance on export documentation, readers should consult publications such as the Exporter's Encyclopedia, published by Dun's Marketing Services or contact a local U.S. Department of Commerce International Trade Administration Export Assistance Office.

LABELING REQUIREMENTS

There is no general requirement that imports be marked as to country of origin. Under Italian legislation, the origin of imported merchandise is established through documentation accompanying the shipments arriving in Italy and not through marking of products or their containers. Certain specified commodities, however, must be marked or labeled to show composition, and name and location of manufacturer, in accordance with various laws and regulations. The following articles are subject to special marking or labeling regulations: lime, cement and similar binding agents; pianos, automatic pianos, harmonicas and similar instruments; clinical thermometers; ethical medicines; cosmetics. Hallmarking of gold and silver articles is required before they can be offered for sale. Only small tolerances are allowable for manufacturing errors. The hallmarking may be done by a hallmarking office after importation.

Italy uses the metric system of weights and measures, which is called the International System of Units (SI). The European Community has established standardized packaging units for numerous products which should be consulted by U.S. exporters. Labeling must be in metric units for all imported products to be sold in Italy. Products are allowed to be imported and then labeled in SI metric units prior to sale. Dual labeling information is permitted, but the nonmetric information must not predominate.

Imports of certain commodities such as packaged foods, distilled spirits, beer, wine, vinegar and foodstuffs) are subject to special regulations regarding the manner in which they must be labeled to show manufacturer, composition, content (in metric units), and country of origin. In view of the complexity of these regulations and changing requirements, information should be requested from the importer prior to shipment. When the services of an importer are not available, information can be obtained directly from the appropriate Italian Government authority listed at the end of this publication. For agricultural and food products, see "Trade Regulations and Standards for Agriculture" below.

PROHIBITED IMPORTS

There are a number of Italian regulations and European Community directives that prohibit certain foodstuffs, food colorings, drugs and narcotics, animal products, plants, seed grains, alcohol, cosmetics and toiletries, etc. It is therefore recommended American exporters contact the Italian importer prior to the shipment or use their freight forwarder to make the determination.

WARRANTY AND NON-WARRANTY REPAIRS

Import duties and taxes are not imposed on products exported from Italy, if the item which is shipped back is the same to return to Italy.

Shipments of replacement parts to Italy, however, are subject to duties plus VAT, even if shipped for a product under warranty.

EXPORT CONTROLS

For the purpose of national security, foreign policy, or the short supply of materials, the United States controls the export of goods and technology by two broad categories of export licenses -- general and validated.

The vast majority of U.S. exports are shipped abroad under general licenses that do not require formal application or approval. To determine which kind of export license is required, exporters should consult the U.S. Export Administration Regulations for complete details or obtain assistance from the local U.S. Department of Commerce district office.

As an overview, the first step in the export licensing process is to determine whether a product requires a general or validated license. Determine what is being exported, the destination of the product, its end-use, and the organization that will be using the product. Check the schedule of Country Groups listed in the U.S. Export Administration Regulations to determine the destination category; check the Commodity Control List to determine if the product requires a validated license for shipment to that particular country; and determine if any special restrictions are in effect.

If the product is not on the control list, then it can be exported under a general license. The U.S. exporter simply completes the "U.S. Shippers Export Declaration", Form 7525-V, providing details of the shipment; includes a commercial invoice; and exports the goods. If the product is on the control list, a validated license is needed. An application must be made and an export license granted. As a general rule, an exporter will need a validated license (1) if the products are controlled or in short supply regardless of the country of destination; (2) for any commodity to a destination with foreign policy concerns; or (3) for unpublished technical data to certain destinations. Certain special licenses are also issued to cover large projects or repeated sales through a foreign distributor.

For assistance in determining what type of license is needed and to initiate the processing of an application, contact your local Department of Commerce district office or the Bureau of Export Administration, Office of Export Assistance, Room H-1099D, U.S. Department of Commerce, Washington, DC 20230, (202) 482-4811.

STANDARDS

As a member of the EU, Italy applies the product standards and certification approval process developed by the European Community. Italy is required by the Treaty of Rome to incorporate approved EU directives into its national laws. However, there is frequently a long lag in implementing these directives at the national level. In addition, in some sectors such as pollution control, the uniformity in application of standards may vary according to region, further complicating the certification process. Italy has been slow in accepting test data from foreign sources, but is expected to adopt EU standards in this area. U.S.-EU negotiation of mutual recognition agreements should, over time, reduce problems in this area. In the Spring of 1997 the U.S. and EU concluded mutual recognition agreements in the following areas: network and electromagnetic compatibility (EMC) for telecommunications and information technology equipment and radio transmitters; EMC and electrical safety for electrical and electronic products; good manufacturing practices inspections for pharmaceutical products and certain medical devices; product assessment for medical devices; and safety of recreational craft.

As part of the unification program to establish common standards for all member countries, key product areas are being regulated by the EU. Mandatory requirements to protect the health and safety of consumers, as well as the environment are constantly being developed and implemented. To indicate conformance to the mandatory EU requirements, a CE mark must be placed on all regulated products by the manufacturer or a representative before they can be sold on the EU market. The applicable product testing and certification requirements for individual product categories are specified in the various EU directives. The CE mark relates only to the mandatory health, safety, and environmental requirements established by the EU; it does not indicate conformity to European product standards. Thus, national marks of conformity with product standards remain compatible with the CE mark and both may be applied to the product. It should be noted, however, that the CE mark does replace all national safety marks for the regulated products.

U.S. firms exporting to Italy are confronted with both national and EU standards for many products. Further, these regulations occasionally change to meet new technology and more stringent demands. Exporters can stay fully informed of the latest EU technical standards activities by contacting the Standards Information Service of the National Institute of Standards and Technology (NIST) at (301) 975-4040. A part of the U.S. Department of Commerce, NIST offers industry an in-depth reference system on EU standards information gathered from the two European standards bodies tasked to write the EU norms --the European Committee for Standards (CEN) and the European Committee for Electrotechnical Standardization (CENELEC). NIST also can provide updated information from the EU which will elaborate on directives and provide assistance in identifying EU and member state standards and regulations. For more information, contact NIST at (301) 975-4038.

Other valuable sources of information with regard to Italian standards include: the American National Standards Institute, 1430 Broadway, New York, NY 10018, (212) 354-3300; the Department of Commerce's National Technical Information Service, Springfield, VA 22161, (703) 557-4733; UNI, Ente Nazionale Italiano di Unificazione, Via Battistotti Sassi, 20133 Milan (Italian National Bureau of Standards) or through the American National Standards Institute, 1430 Broadway, New York, NY 10018, (212) 354-3300; as well as various trade associations that follow international activities for their membership.

FREE TRADE ZONES / WAREHOUSES

There are two free trade zones in Italy located in Trieste and Venice. Goods of foreign origin may be brought in without payment of taxes or duties, as long as the material is to be used in the production or assembly of a product that will be exported.

Benefits of a free-trade zone include:

- customs duties deferred for 180 days from the time that the goods leave
  the free-trade zone to enter another EU country;
- the goods may undergo any transformation free of any customs restraints;
- absolute exemption from any duties on products coming from a third
  country.

The free-trade zone law also allows a company, of any nationality, to employ workers of the same nationality, under that country's labor laws and social security.

Italy also has numerous general warehouses that are located throughout Italy in all the port areas and cities. There are no limitations as to the type or origin of merchandise that can be stored in free trade zones or bonded or customs warehouses. The time limit for such storage is 5 years. Merchandise deteriorated while in storage can be destroyed without payment of duty.

The advantage of a free trade zone or bonded warehouse to American firms is having a European base of supply to assure customers prompt delivery and service. Being able to maintain inventory at low cost with a minimum of customs paperwork is also a distinct advantage.

MEMBERSHIP IN FREE TRADE ARRANGEMENTS

Italy has been a member of the European Union (EU) since its inception in 1958. The other EU members are Belgium, Denmark, France, Germany, Greece, Ireland, Luxembourg, the Netherlands, Portugal, Spain, the United Kingdom, Austria, Finland and Sweden. Other countries have applied for membership. The EU forms a customs union and a large unified market having free trade among the member states. It levies a common tariff on imported products coming from non-EU countries such as the United States, Japan, and Canada. The EU also has a common agricultural policy, joint transportation policy, and free movement of goods and capital within the member states. Other aspects of commercial activity are being harmonized.

The EU grants tariff preferences to more than 100 developing countries and about 40 overseas territories under the EU's Generalized System of Preferences (GSP). Imports of nearly all semimanufactured and manufactured goods originating in these countries and territories enter the EU duty free. Annual duty-free quotas are established for those products and a system of providing certificates of origin has been established to ensure that goods are not diverted through the GSP countries to take advantage of the lower tariff concessions.

Free trade agreements have been developed between the European Union and the European Economic Area (EEA), which includes Norway, Iceland, Liechtenstein, and Switzerland. Under the terms of these agreements, most industrial products and certain processed agricultural products are exempt from import duties if traded within this trading bloc. The result of the agreements reached between the EU members and the EEA members is an open trading area for most industrial products of 19 nations with an affluent population of 380 million.

CUSTOMS CONTACT INFORMATION

Ministero delle Finanze
(Ministry of Treasury)
Dipartimento delle Dogane
(Customs Department)
Via M. Carucci 71
00143 Rome
Tel. 39-06-50241

TRADE REGULATIONS AND STANDARDS FOR AGRICULTURE

Since Italy is a member of the European Union (EU), virtually all of its agricultural sector is governed by the Common Agricultural Policy (CAP). Similarly, Italy employs the same tariffs, levies and other EU regulations as the other fourteen member states. For example, Italy imposes variable levies (on grain products) and quotas (on meat, cheese, bananas) as required by the European Union. Italy also applies a value added tax on most food/agricultural items (ranging from 4 percent for semi processed commodities to 19 percent for “luxury” high value food items).

In general, if a U.S. food product is imported into one EU member state it can be transhipped to Italy, provided it has a label written in Italian, and provided the product does not present a public or animal/plant health risk. However, if the product is directly imported into Italy it must meet all Italian food safety and quality standards, as well as Italian labeling and packaging regulations. Many of these standards and regulations have been harmonized within the European Union. For example, the EU has adopted a number of regulations covering production standards, analytical characteristics, product specifications, allowable additives, and labeling. Specific EU regulations exist for cocoa and chocolate products, sugars, fruit juices, fruit jams and jellies, milk and casein products.

However, where EU standards do not exist, Italy can set its own national requirements and some of these have been known to hamper imports of game meat, processed meat products, frozen foods, alcoholic beverages, and snack foods/confectionary products. U.S. exporters of “health” foods, weight loss/diet foods, baby foods and vitamins should work closely with an Italian importer, since Italy's labeling laws regarding health claims can be particularly stringent.

Italian legislation sets forth orders, obligations and criminal sanctions for violations. Food law is divided into two basic categories: rules dealing with hygiene/sanitary issues and rules governing labeling and packaging. All laws apply equally to domestically produced and imported goods.

Italy is still working on specific sectors of the food law to bring the regulations up to date scientifically in the areas of hygiene/sanitation. In the case of food additives, coloring and modified starches, Italy's laws are considered to be close to current U.S. laws, albeit sometimes more restrictive.

Basic labeling requirements in the EU/Italy:

Name of products (physical condition or specific treatment)
Name/address of manufacturer, packer, seller or importer in
EU Local language
Country of origin
Ingredients in descending order of weight
Metric weight and volume
Additives by category name
Special storage conditions
Minimum shelf life date
Special preparation instructions

U.S. exporters should be aware that any food or agricultural product transhipped through Italian territory must meet Italian requirements, even if the product is transported in a sealed and bonded container and is not expected to enter Italian commerce.

VII. INVESTMENT CLIMATE

OPENNESS TO FOREIGN INVESTMENT

For the most part, foreign investors do not find major impediments to investing in Italy, although bureaucratic requirements can be burdensome. Foreign ownership of 100 percent of Italian firms is allowed. Some restrictions to foreign investment exist. The government has the authority to block mergers involving foreign firms for "reasons essential to the national economy" or if the home government of the foreign firm applies discriminatory measures against Italian firms. There are industry sectors which are either closely regulated or prohibited outright to foreign investors, such as aircraft manufacturing and the state monopolies. Outside these sectors, there are no screening or blocking procedures directed solely at foreign investment. Italian anti-trust law (which applies to domestic and foreign investors) gives the government the right to review mergers and acquisitions over certain financial thresholds.

Italy provides national treatment to foreign investors except in a few instances. The exceptions include limits to access to government subsidies for the film industry, some additional capital requirements for banks from countries not in the European union (EU), and restrictions on non-EU airlines operating domestic routes. Italy also maintains restrictions in shipping. Also, companies may bring in non-EU workers only after certifying that no unemployed Italian is available to carry out the expected duties.

Foreign investment flows into Italy are weak. While investment into the European Union more than doubled from 1997 to 1998, Italy was one of only two EU countries (Portugal was the other) in which foreign investment declined. There was twenty times more foreign investment in the UK than in Italy, whose economy is of similar size. Economists frequently cite excessive bureaucracy, inadequate infrastructure and a rigid labor market as disincentives for foreign investment in Italy.

Firms incorporated in European union (EU) countries may offer investment services in Italy without establishing a presence. U.S. and other firms which are not from countries that belong to the EU may operate based on authorization from CONSOB, the securities oversight body. CONSOB may deny such authorization to firms from countries which discriminate against Italian firms.

The financial sector is seeing a good deal of foreign investment activity. In the banking sector, the formerly dominant role of the state is being reduced by privatizations and a wave of mergers and other alliances. Authorization by the Bank of Italy, the country's central bank, is required to acquire more than five percent of a financial institution's capital (or to gain effective control of a financial institution, regardless of the amount of capital acquired). Non-bank companies (either Italian or foreign) may not acquire more than 15 percent of a bank's capital. Foreign companies are increasingly active in the Italian insurance market. Government authorization is required to offer life and property insurance and usually based on reciprocal treatment for Italian insurers. Foreign insurance firms must prove that they have been active in life and property insurance for not less than ten years and must appoint a general agent domiciled in Italy.

There some limits regarding foreign private ownership in banks. For instance, according to the banking law a foreign institution willing to increase its stake in a bank above 5 percent needs the authorization by the Bank of Italy. BOI has not been reluctant to use this power; for example, it is widely assumed that the BOI blocked German insurer Allianz's bid to increase its stake in the Italian bank Credito Italiano from 5 to 10 percent and warned against the sale of 10 percent of Banca Nazionale del Lavoro to Credit Suisse First Boston. The BOI's moves are not only against foreign companies, however; the BOI reportedly also prevented two Italian banks, San Paolo di Torino and Unicredito, from completing takeover bids of other Italian banks.

The expansion of modern, large-scale distribution units, such as chain stores, department stores, and large supermarkets, is restricted by local practice and national legislation which subjects applications for retail units above a certain merchandising surface to a lengthy and cumbersome authorization process.

Foreign investors are not prevented from investing in firms to be privatized, except in the defense sector. Privatization sales techniques have included private placement, worker shareholdings and management buy-outs and public stock offerings. Often the government establishes a "hard-core" group of shareholders (who agree to keep their shares for a minimum period, say three years), or retains a "golden share" (modest government stake, but with controlling influence).

The Italian tax system does not discriminate between foreign and domestic investors.

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

There is no limitation in either the Italian constitution or Italian civil law on the right to private ownership and establishment. In general, there is competitive equality between the private and public sectors. For years, Italian government bonds absorbed a large share of available domestic investment, but this share has declined as interest rates on those bonds dropped in the runup to European economic and monetary union. As an alternative, Italian investors have turned to stocks and corporate bonds, significantly increasing the Milan stock exchange's capitalization as a result.

PROTECTION OF PROPERTY RIGHTS

The United States Government considers intellectual property rights protection in Italy to be inadequate. From 1989 through 1997, the U.S. Trade Representative placed Italy on the intellectual property rights "watch list" under the special 301 provision of the United States Trade Act of 1988, because of inadequate copyright protection for computer software, sound recordings and film videos. In 1998, a heightened level of concern resulted in Italy being placed on the special 301 "priority watch list" because of two additional problems: (1) a delay in passing effective anti-piracy legislation; and (2) the introduction of European content requirements (tv broadcast quotas) at the national level that are more strict than those required by the EU broadcast directive.

In recent years, the Italian government has substantially increased enforcement actions against video and software pirates. Piracy rates and piracy losses for U.S. copyright industries have dropped but remain unacceptably high.

U.S. citizens generally receive national treatment in acquiring and maintaining patent and trademark protection in Italy. After filing a patent application in the United States, a U.S. citizen is entitled to a 12-month period within which to file a corresponding application in Italy and receive the benefit in Italy of his or her first U.S. filing date (rights of priority). Patents are granted for 15 years from the effective filing date of application. They are assignable and transferable. U.S. authors can obtain copyright protection in Italy for their work first copyrighted in the United States merely by placing on the work, their name, date of first publication, and the symbol ©.

ADEQUACY OF LAWS AND REGULATION GOVERNING COMMERCIAL TRANSACTIONS

Laws governing physical property are adequate and enforced.

FOREIGN TRADE ZONES/FREE PORTS

There are two free trade zones in Italy, located in Trieste and Venice, both in the northeast. Goods of foreign origin may be brought in without payment of taxes or duties, as long as the material is to be used in the production or assembly of a product that will be exported. The free-trade zone law also allows a company, of any nationality, to employ workers of the same nationality under that country's labor laws and social security systems.

Benefits of a free-trade zone include:
- customs duties deferred for 180 days from the time that the goods leave the free trade zone to enter another EU country;
- the goods may undergo transformation free of any customs restraints;
- absolute exemption from any duties on products coming from a third country.

MAJOR TAXATION ISSUES AFFECTING U.S. BUSINESS

The Italy-U.S. tax treaty contains provisions to avoid the double taxation of income for firms with operations in both countries. Royalties from patents and like properties are exempt from tax withholding under the treaty. They are freely remittable, subject to documentation requirements. In late 1998, Italian and U.S. tax authorities initialed an update to the tax treaty, affecting royalties and a new Italian tax. While it has not yet been ratified by the U.S. Congress and Italian Parliament, its provisions are currently in force.

PERFORMANCE REQUIREMENTS/INCENTIVES

Investors do not face performance requirements specifically directed at foreigners. However, in the telecommunications sector, many new entrants are subject to performance requirements and must post a performance bond to receive a license necessary to operate. The European Union has challenged some of Italy's performance criteria for telecoms licenses. The Italian government offers incentives designed to encourage private sector investment (by both Italian and foreign firms) in depressed areas, particularly in the underdeveloped "Mezzogiorno" in the south of Italy. The 1999 national government budget included significant incentives for hiring new workers in some areas of the South. A regulation that provided tax breaks nationwide for companies that reinvested earnings, known as the Dual Income Tax, has been recently strengthened. Foreign investors are able to participate in government research and development programs based on reciprocal treatment for Italian firms.

TRANSPARENCY OF THE REGULATORY SYSTEM

Italy is subject to single market directives mandated by the European Union, which are intended to harmonize many regulatory structures across EU countries. This includes the mutual recognition agreements negotiated between the EU and the U.S. The EU directives are intended to benefit EU member countries by creating a non-discriminatory, less restrictive trade regime. The directives are expected to yield significant benefits to non-EU trading partners (such as the U.S.) as well. Harmonization of standards relating to labeling, content, production, safety, etc., should reduce development costs and contribute to economies of scale for companies which wish to operate in Italy.

Several EU directives deal with the issue of transparency in public sector contracts and subcontracts. The process of incorporating these directives into Italian law has focused new public attention on public works corruption scandals that rocked the Italian political world in the early 1990s.

CORRUPTION

According to a study by the International Monetary Fund, the level of corruption in Italy is among the worst in western Europe, but the situation is improving. The study cited the weight of bureaucracy, confusing regulations, the financing of political parties and the level of civil servants wages as factors fostering corruption. The wide-ranging "Bribesville" domestic corruption scandals of the early 90’s led to a wholesale re-forming of the Italian political structure, but also sharp cutbacks in public works programs (which had been the source for kickbacks).

Domestic corruption is punishable under Italian law. Much discretion for punishment is left to the presiding judge. Italian authorities investigate and prosecute cases of bribery involving Italian officials, including one recent case in which the USG cooperated to extradite an Italian charged in a domestic corruption case. The U.S. and Italy have an extradition treaty and Italy is cooperative in responding to requests for mutual legal assistance or extradition when Italian and U.S. laws match.

Italy, like the U.S., is a signatory to the 1997 OECD Convention on Combatting Bribery. The bill ratifying the Convention has passed the lower house of the Italian Parliament and currently being considered in the upper house. As Italy has not ratified the anti-bribery Convention, there is no record of enforcement for cases involving bribery of foreign government officials.

In surveys, businesses routinely identify corruption as a disincentive to investing, or even doing business, in certain arees of the south and other less-developed areas of Italy. The presence of organized crime groups in the south has contributed to corrupt activity there.

The principal government authority for combating financial corruption is the Guardia di Finanza, a law enforcement entity responsible for customs and financial crimes. The national police and the Carabinieri (military police with civilian duties) also play roles.

Paying bribes to foreign officials is not a criminal act under current Italian law. However, once the 1997 OECD convention on combating bribery is ratified, Italy is expected to modify its domestic legislation to conform to the treaty. Consistent with an earlier recommendation by OECD, tax deductibility of bribes paid to foreign officials is not allowed. The code does not contain a definition for "bribery".

LABOR

Unemployment continues to be a serious problem in Italy. The national unemployment rate in April 1999 was 12.1 per cent. Breaking down this figure by geographic area shows that unemployment is much higher in the South (22.7%) than in the North (5.9%) and Center (10.5%) and is also much higher for women (16.7%) than for men (9.2%). The unemployment rate for young people (15-24) was 32.2% nationally, with Southern youth unemployment at 56.6%.

There is a skilled labor pool in the North, where industries and services are more developed. Labor shortages exist in engineering, nursing, computers, marketing, and other high level human resource fields. Skilled manual workers are also in short supply. The South, where agriculture and the underground economy are more widespread, has an abundance of unskilled labor and well-educated young people who tend not to leave their regions to find a job. (Recent data, however, suggests an increasing disposition to mobility.) Immigrant workers are employed for seasonal harvesting.

Although it remains relatively rigid, the labor market is becoming more flexible. Legislative and regulatory changes in 1997, 1998, and early 1999 encouraged the hiring of part time employees by reducing employer social security contributions for these workers. These changes also opened the way for the hiring of temporary workers, and many temporary help agencies began operating in 1998. The scope of their activities is substantial, although not as great as in other countries having experience with this type of employment. Legislation decentralizing the public employment service was enacted, and private employment agencies are now allowed to operate.

The Social Pact, signed by government, labor and management representatives in December 1998, recognized Italy's need for greater flexibility in its labor market as a spur to economic development in the South and reduction in the region's unemployment. However, the need to respect EU stability pact limits kept a tight rein on public spending and left little room for programs to stimulate economic development. Trade unions expressed disappointment with delayed government plans for investment in the South.

Wages and salaries represent slightly more than half the cost of labor to management. Indirect pay (annual leave, holidays, bonuses, seniority allowances, severance pay) and social security contributions can account for up to 45% of gross salary. Italian law provides workers with substantial legal protection against dismissal, imposing complex and costly consequences for employers.

Labor relations in Italy are relatively good, although strikes are common in some industries, especially transport.

The Constitution enshrines a number of labor and trade union rights, and these core and other rights are the subject of a considerable body of supplementary legislation. The most significant of these is the Workers' Statute (law 300 of May 1970), which deals in part with the right of association, granting most workers the right to establish unions in workplaces with more than 15 employees (5 in agriculture).

Most Italian unions are grouped in three major national confederations: The Italian General Confederation of Labor – CGIL; the Italian Confederation of Labor Unions – CISL; and the Italian Union of Labor – UIL. All three organizations are affiliated to the International Confederation of Free Trade Unions (ICFTU). The three confederations negotiate national level collective bargaining agreements with the employer associations, which in effect are binding on all employers in a sector or industry. Through a July 1993 tripartite agreement, the confederations accepted wage moderation and agreed to consult with the government on economic and social policy.

EFFICIENCY OF CAPITAL MARKETS AND PORTFOLIO INVESTMENT

Financial resources flow relatively freely in Italian financial markets and credit is allocated on market terms. Foreign participation in Italian markets is not restricted. Capitalization on the Italian stock market is small relative to that of other G-7 countries and there is thin trading in a number of its stocks. The market is technologically modern and efficiently administered, however. The Italian government bond market, among the world's largest, is predominantly an electronic screen-based market, and is also administered efficiently.

The Italian banking system is highly fragmented and generally regarded as inefficient, with high operating costs and excessive dependence on interest rate spreads for income. The top five Italian banks control a smaller percentage of total assets than is the norm in most other EU countries. Government ownership of financial institutions, once common, has almost disappeared as a result of privatization. The return on equity systemwide is well below the European average. ABI, Italy's banking association, contends that the average tax rate of 53.2 percent, compared to 37 percent EU average, hurts Italian banks' profitability.

There are percentage limits on cross-shareholding among banks and between banks and non-bank companies (banks cannot hold more than 10 percent of the shares of another bank; non-bank companies cannot hold more than 15 percent of a bank's shares). Complex cross-shareholding has been used to fight off takeover attempts in the financial sector, but this has not been directed at takeovers by foreign companies.

CONVERSION AND TRANSFER POLICIES

In conformance with EU directives, Italy has no foreign exchange controls. There are no special exchange rates and currency transfers are freely permitted. There are no restrictions on repatriation of capital and earnings, or on payments to foreign creditors.

Italians are free to undertake financial transactions abroad, including direct investments and purchases and sales of foreign securities, real estate and loans. Regulations formerly prohibiting residents from entering or leaving the country with bearer securities worth more than 20 million lire (about $12,500) have been lifted. Residents may freely hold foreign exchange and Italian lire in any form in Italy and abroad. Banks and authorized intermediaries must submit data on their foreign exchange transactions exceeding 20 million lire to the foreign exchange office of the Bank of Italy.

EXPROPRIATION AND COMPENSATION

The Italian constitution permits expropriation of private property for "public purposes". Compensation is guaranteed and must adequately compensate the legitimate proprietor for losses. Lenders are not covered by the same constitutional guarantee as proprietors. The constitution also authorizes the nationalization of enterprises, which provide essential public services or are indispensable to the national economy. There are some longstanding disputes in Italy involving U.S. citizens who assert that municipal governments unjustly expropriated their real property or inadequately compensated them.

DISPUTE SETTLEMENTS

U.S. investors in Italy have a choice in selecting a means of dispute resolution, which should be specifically set forth in the contract. Given the slowness of the Italian judicial system (normally 3 - 5 years for trial in a civil matter and two automatic appeals), investors are advised to choose arbitration, which can be Italian or international.

POLITICAL VIOLENCE

Political violence is considered a low threat to foreign investments in Italy. During the NATO bombing in the Balkans in spring 1999, some retail outlets identified with the U.S. were the targets of attacks, almost always after hours, that resulted in minor damage (broken glass, painted graffitti) but no injuries to personnel.

BILATERAL INVESTMENT AGREEMENTS

Italy has bilateral investment agreements with the following countries:

Albania	Kuwait
Algeria	Latvia
Argentina	Lithuania
Bangladesh	Macedonia
Barbados	Malaysia
Belarus	Mongolia
Bolivia	Oman
Bulgaria	Peru
Chile	Philippines
China	Poland
Croatia	Romania
Cuba	Russia
Czech Republic	Saudi Arabia
Egypt	South Korea
Ethiopia	Sri Lanka
Hungary	Tunisia
Indonesia	Ukraine
India	United Arab Emirates
Jamaica	Uruguay
Kazakistan	Vietnam

The 1948 U.S.-Italy friendship, commerce and navigation treaty contains provisions that may protect U.S. investment in Italy. Generally, existing bilateral investment accords create favorable conditions and guarantees for capital investment. They include reciprocal guarantees of equal treatment vis-à-vis domestic firms and most-favored-nation status vis-à-vis third countries, assurances against expropriation without fair market compensation and indemnities against losses suffered during war or revolution. Agreements also include statements allowing for the free transfer of returns, royalties and funds to maintain investments. They usually detail the procedures under which disputes would be arbitrated.

OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS

OPIC does not operate in Italy. Italy is a member of the Multilateral Investment Guarantee Agency (MIGA).

CAPITAL OUTFLOW POLICY

In conformance with EU directives, Italy has no foreign exchange controls. There are no special exchange rates and currency transfers are freely permitted. There are no restrictions on repatriation of capital and earnings, or on payments to foreign creditors.

MAJOR FOREIGN INVESTORS

Italy has for several years been a net source of foreign investment. As described earlier, in 1998, Italy received the second lowest amount of foreign direct investment in the EU. Italian direct investment abroad totaled $11.7 billion (1.0 percent of GDP), up from $10.2 billion, or 0.9 percent of GDP, in 1997. Direct investment inflows totaled $2.5 billion, down from $3.5 billion in 1997.

The services sector remained the largest recipient of inflows at $1.5 billion, down from from $2.9 billion registered in 1997. Investment in banking and insurance led the list, and increased somewhat compared to 1997. Investment inflows in industrial activity increased from $1.0 billion in 1998, down from $1.2 billion in 1997. Key areas of foreign industrial investment in Italy include the mechanical, food, mineral/metal and chemical sectors.

The largest share of Italian investments abroad, roughly 80 percent of the total, was in services: $9.2 billion in 1998, a sharp increase from $5.9 billion in 1997. Investment in the banking and insurance sectors overseas was $6.7 billion, up from $4.9 billion in 1997. Italian overseas investment in industry almost halved from $3.0 billion in 1997 to $1.7 billion in 1998. Investment in the mechanical sector dropped from $1.2 billion in 1997, to $348 million in 1998.

The Bank of Italy (BOI) estimates that the stock of total foreign direct investment in Italy at the end of 1998 was $103.1 billion, or 8.2 percent of GDP, of which U.S. investment amounted to $14.3 billion, 14.5 percent of total. The stock of total Italian direct investment abroad was $159.2 billion (12.8 percent of GDP). Italian investment in the U.S. was valued by the Bank of Italy at $16.1 billion (10.1 percent of total Italian direct investment overseas).

According to BOI data, Switzerland has the largest stock of foreign direct investment in Italy (16.9 percent of the total), followed by the U.S.   Among EU countries, which as a whole account for 59.3 percent of foreign investment, France is the largest investor, followed by the

U.K., Netherlands, Germany and Luxembourg. Although Japan is a net investor in Italy, both Italian investments in Japan and Japanese investment in Italy (mostly in the banking and insurance sectors) are modest: 1.9 and 0.9 percent of the respective totals.

Except for Sweden, Germany, France and UK, Italy's European Union partners are net recipients of Italian investment. Among non-EU countries, the largest recipients of Italian investment are Brazil and Argentina.

About two-thirds of U.S. investment in Italy is in industry and one-third is in services. The chemical sector has the largest share of U.S. industrial investment -- $2.8 billion. Investment in the other sectors, such as food, mechanical and transportation equipment sectors registered increases in value between 1997 and 1998. The largest portion of service sector investment was in banking and insurance – $2.2 billion.

About 56 percent of Italy’s $16.1 billion direct investment in the U.S. was in the services sector, with the remainder in industry (37 percent) and energy (7 percent). The value of direct investment in banking and insurance activities was $4.8 billion. The top category among industrial investments was mechanical, and the level of investment increased from $1.8 billion in 1997 to $2.4 billion in 1998.

Many well known major multinationals, both U.S. and foreign, have a presence in Italy. General Electric, IBM, AT&T, Boeing, Pfizer, and McDonalds are just a few of the American companies with sizeable investments in Italy.

HOST COUNTRY CONTACT INFORMATION FOR INVESTMENT-RELATED ACTIVITIES

Istituto Nazionale del Commercio Estero *(Italian Trade Commission)*
Via Liszt, 21
00144 Roma EUR
Area Cooperazione Investimenti e rapporti con la UE e con OMC
(Area Investment Cooperation, EU and WTO)
Tel: 39-06-5992-9381
Fax: 39-06-5992-6002
39-06-5422-0007
39-06-5421-8275

(See also Section VIII “Availability of Project Financing”.)

VIII. TRADE AND PROJECT FINANCING

DESCRIPTION OF BANKING SYSTEM

There are numerous banking offices located throughout the country, with over 800 banks and 22,000 branches performing commercial services. Among the most important are the Istituto Bancario San Paolo di Torino, Banca di Roma, Cassa di Risparmio delle Provincie Lombarde (CARIPLO), Banca Commerciale Italiana, Credito Italiano, Banco di Napoli and Banca Nazionale del Lavoro. These banks are a principal source of credit information. The banking sector is undergoing consolidation involving mergers and acquisitions among the major banks. This process is expected to continue over the next several years as the Italian banking sector seeks to become more competitive in the European market.

Several U.S. banks perform banking services in Italy through branches, subsidiaries, or representatives. Many American banks can also provide their commercial customers with bank reports on an overseas buyer as well as provide assistance on letters of credit and foreign exchange. U.S. banks with offices in Italy include Chase, Citibank, Morgan

Guaranty Trust, Bank of New York, and Bank of America and numerous smaller, regional banks.

Banks in Italy that have the authority to participate in foreign exchange usually have an U.S. correspondent. Foreign currency transfers and foreign exchange transactions must be channeled via authorized intermediaries (the Bank of Italy, the Italian Foreign Exchange Office, and authorized banks). The larger banks in Italy have branches in one or more U.S. cities.

The Bank of Italy, Italy's central bank, is widely respected both nationally and internationally as a non-political overseer of the Italian economy responsible for controlling inflation and balance of payments pressures.

FOREIGN EXCHANGE CONTROLS AFFECTING TRADING

Italy has no restrictions on the amount of foreign exchange instruments, currency, or checks that may be brought into the country. Normally, lire 20 million may be taken out of the country, but any amount declared on entry may be reexported.

Italian exchange regulations are issued by the Italian Exchange Office (Ufficio Italiano dei Cambi--UIC), Via Quattro Fontane 123, Rome 00184) under authority of the Ministry of Foreign Trade. Foreign exchange may be sold or acquired from the Bank of Italy or any of the banks authorized by the Bank of Italy. In practice, all commercial banks are authorized to conduct foreign exchange transactions.

Dollar currency, travelers checks, and, in some cases, personal checks, may be exchanged at banks, exchange offices, and authorized tourist offices and hotels. Major credit cards are accepted with proper identification. It is best to first confirm what form of payment is accepted.

GENERAL AVAILABILITY OF FINANCING

Italy has a well-developed banking and credit system with numerous correspondent U.S. banks. Italian banks are subject to close government supervision. The Bank of Italy must authorize the establishment of a new bank.

Until 1993, the Italian banking system was divided into two categories, differentiated by length of lending authorized. The Single Banking Law passed in 1993 abolished this division, effectively allowing all Italian banks to lend at any maturity. Due to this historical legacy, those institutions that focused on longer-term lending, including the Istituto Mobiliare Italiano (IMI) and Mediobanca, remain at the forefront for this type of finance. Short-term business and trade finance is available from a wide range of Italian and U.S. banks.

U.S. firms desiring to finance major portions of their capital investment outside the United States may find capital available in the Eurodollar market. U.S. bank branches in Italy can assist in financing capital investment.

HOW TO FINANCE EXPORTS / METHODS OF PAYMENT

When providing the Italian buyer with a price quote, American firms most frequently provide a quote that includes packing costs, insurance, and freight. This is called the c.i.f. price. The average Italian business representative can then usually determine the charges for customs, taxes, and local transportation to arrive at the final landed cost to importer. The customary terms of sale in Italy are either cash or net. Sales made on cash terms call for payment before delivery, on delivery, or shortly after delivery -- usually within 10 days from the date of delivery. A 2 to 5 percent discount is made for payment of the full amount of the transaction at the end of the specified period from 1 to 4 months from the date of the invoice. The length of the period depends on the commodity involved, the credit standing of the buyer, and the motivation of the seller. A period of up to 2 years is often allowed for payment of capital goods, store equipment, trucks, and similar heavy equipment.

Italian firms indicate that some American suppliers are too rigid in their payment terms and have thus lost business to other suppliers because of their rigidity. Financing is considered as much a competitive factor as the product itself, the delivery date, or after-sales service. While some U.S. manufacturers request payment upon receipt of the goods, more successful sellers are offering terms allowing settlement of the account from 60 to 120 days following receipt of the order.

The use of irrevocable letters of credit for the Italian market has declined appreciably in recent years. Although such instruments are still required by American exporters, especially when the Italian customer's credit reputation is not well known, the growing reluctance of Italian firms to provide letters of credit has required American exporters to utilize other methods to assure payment or lose the sale to other suppliers in the competitive Italian market. The Italian businessperson is reluctant to pay a high fee for a letter of credit when other suppliers or means of payment are available. American firms have put to greater use the export credit insurance and guarantee programs available through the Foreign Credit Insurance Association (FCIA).

Just as the terms of any sales offer should be presented in a clear and detailed manner, shipments should conform to the contract and to any samples that may have been sent to the Italian importer. Special attention should be given to the prompt observance of agreed delivery schedules, as prompt delivery may be a decisive and possibly an overriding consideration of the importer in placing additional orders. When shipping on letter of credit, all terms specified on the letter of credit must be strictly observed. If the terms are no followed, the letter of credit may not be honored by the bank.

EXPORT FINANCING AND INSURANCE

As a member of the G-7, Italy as a market for U.S. exporters does not warrant any special USG credit assistance. The network of Italian banks with branches in the U.S. will offer limited export credit assistance. Similarly, large U.S. banks and/or local banks located in the exporter's state can offer factoring; exchange fluctuation hedging and limited exporter's credit services. The EXIM bank and FCIA consider Italy a low political risk country. Italy is classified as a "rich" country under the OECD rate classification. Small business exporters may obtain assistance under the SBA's Export Revolving Line of Credit (ELRC) loan program.

AVAILABILITY OF PROJECT FINANCING

The Italian government has for decades promoted development in poorer parts of the country, particularly the southern "Mezzogiorno", through incentives such as tax reductions and financial assistance for private investment projects. A number of American companies have taken advantage of these incentives over the years to establish facilities in Italy. The government is trying to promote the "one office" concept so that potential investors have one place to go for all the information and permits they may require. At present, however, a company seeking information on these incentives should inquire at all of the following agencies:

1. Istituto per la promozione industriale
Viale Maresciallo Pilsudsky, 124
00197 Rome
Tel. 39-06-809721
Fax 39-06-8072898

2. Ministero dell' Industria, Commercio ed Artigianato
(Ministry of Industry and Commerce)
Direzione Generale per il Coordinamento degli Incentivi alle Imprese
(Directorate for Coordination of Enterprise Incentives)
Via del Giorgione, 2
00111 Roma
Tel. 39-06-5401-633
Fax 39-06-5960-1226

3. Sviluppo Italia
Via Molise
00187 Rome
Tel. 39-06-42129-1
Fax 39-06-41219-232

4. Ministero del Tesoro, Bilancio e Programmazione Economica
(Ministry of the Treasury, Budget and Economic Planning)
Dipartimento delle politiche di Sviluppo ed di Coesione
Responsabile Servizio Contrattazione Programmata
Tel. 39-06-4816-1242
Fax 39-06-4745-327

LIST OF BANKS WITH CORRESPONDENT U.S. BANKING ARRANGEMENTS

A large number of Italian banks have correspondence relationships with U.S. banks. Below is a listing of Italian banks with branch offices in the U.S.

Istituto Bancario San Paolo di Torino S.p.A.
Piazza San Carlo, 156
10121 Turin
Tel: 39-011-5551
Fax: 39-011-555-6650
www.imisigeco.it
www.bimi.it
www.sanpaolo.it

245 Park Avenue, Suite 3500
New York, NY 10022
Tel: (212) 692-3000
Fax: (212) 599-5303/599-5304
Newyork.us@sanpaolo.com

Banca di Roma
Via Marco Minghetti, 17
00187 Rome
Tel: 39-06-670-71
Fax: 39-06-678-1929

34 East 51st Street
New York, NY 10022
Tel: (212) 407-1600/407-1707/407-1726
Fax: (212) 407-1704

225 West Washington Street, Suite 1200
Chicago, IL 60606
Tel: (312) 368-8855
Fax: (312) 726-3058

1 Market Stewart Tower, Suite 1000
San Francisco, CA 94105
Tel: (415) 357-0800
Fax: (415) 357-9869

CARIPLO - Cassa di Risparmio delle Provincie Lombarde S.p.A.
Via Monte di Pietà, 8
20121 Milan
Tel: 39-2-886-61
Fax: 39-2-8866-2302
www.cariplo.it

190 South La Salle Street, Suite 2890
Chicago, IL 60603
Tel: (312) 444-1-500
Fax: (312) 444-1-501

One Embarcadero Center, Suite 2820
San Francisco, CA 94111-3717
Tel: (415) 439-6780
Fax: (415) 439-6785

Banca Nazionale del Lavoro BNL S.p.A.
Via V. Veneto, 119
00187 Rome
Tel: 39-06-470-21
Fax: 39-06-470-7298

25 W. 51st Street
New York, NY 10019
Tel: (212) 314-0707
Fax: (212) 489-9088

Xerox Center 55 West Monroe Street, Suite 1690
Chicago, IL 60603
Tel: (312) 444-9410, 444-9251, 444-9252, 444-9253, 444-9254

Banca Commerciale Italiana S.p.A.
Piazza della Scala, 6
20121 Milan
Tel: 39-02-88501
Fax: 39-02-8850-3026
www.bci.it

1 William Street
New York, NY 10004
Tel: (212) 607-3500
Fax: (212) 809-2124

150 North Michigan Ave., Suite 1500
Chicago, IL 60601
Tel: (312) 346-1112
Fax: (312) 346-5758

55 S. Flowers Street, Suite 4300
Los Angeles. CA 90071
Tel: (213) 624-0440
Fax: (213) 624-0457

Banco di Napoli S.p.A.
Via Toledo, 177/178
80132 Naples
Tel: 39-81-791-1111
Fax: 39-81-580-1343

277 Park Avenue
New York, NY 10172
Tel: (212) 872-2400
Fax: (212) 644-8246

Banco di Sicilia S.p.A.
Via Generale Vincenzo Magliocco, 1
90141 Palermo
Tel: 39-91-608-1111
Fax: 39-91-608-5964/3227
www.bancodisicilia.it

250 Park Avenue
New York, NY 10017
Tel: (212) 692-4300
Fax: (212) 370-5790

Credito Italiano
Direzione Centrale
Piazza Cordusio
20121 Milan
Tel: 39-02-88621
Fax: 39-02-8646-5399
Info@credit.it

375 Park Avenue
New York, NY 10152
Tel: (212) 546-9600
Fax: (212) 546-9675

Two Prudential Plaza
180 North Stetson Suite 1310

Chicago, IL 60601-6713
Tel: (312) 946-1-111
Fax: (312) 946-1-112

Monte dei Paschi di Siena
Piazza Salimbeni, 3
53100 Siena
Tel: 39-0577-294-111
Fax: 39-0577-294-653
www.mps.it

26th Floor 245 Park Avenue
New York, NY 10167
Tel: (212) 557-8111
Fax: (212) 557-8039

IX. BUSINESS TRAVEL

BUSINESS CUSTOMS

By and large, what is considered good business practice in the United States also applies when doing business in Italy. Businesspeople in Italy also appreciate prompt replies to their inquires, and they expect all correspondence to be acknowledged. Conservative business attire is recommended at all times. Business appointments are also required, and visitors are expected to be punctual. The "golden keys" of customary business courtesy, especially replying promptly to requests for price quotations and to orders, are a prerequisite for exporting success. In general, European business executives are more formal than their American counterparts; therefore, it is best to refrain from using first names until a solid relationship has been formed. During the first stages of conducting business, it is best to let the prospective buyer take the lead since the American approach of "getting down to business" may be considered abrupt. Avoid commenting on political events or negative comments about the country. Some positive and sincere observations about the Italian culture, style, art, history, cuisine, or music are always appropriate. Italian business executives tend to use titles indicating their position in the firm. Friendship and mutual trust are highly valued, and once an American has established this relationship a productive business association can usually be counted upon.

Italian buyers appreciate style, quality, and service, but are also interested in delivered price. Care must be taken to assure that stated delivery dates will be maintained and that after-sales service will be promptly honored. Italians, and Europeans in general, are concerned that after placing an order with a supplier that the delivery date be honored. While there are numerous factors that may interfere with prompt shipment, the U.S. exporter must allow for additional shipping time and keep in close contact with the buyer. Meeting delivery schedules is of prime importance. It is much better to quote a later delivery date that can be guaranteed than promise an earlier delivery that is not completely certain.

TRAVEL ADVISORY AND VISAS

Every U.S. traveler must have a valid passport. No visa is required of U.S. citizens visiting Italy for less than 3 months, but one is required for longer stays. American citizens entering Italy must register at the police station (Questura) within 8 days of entering the country if they plan to stay more than 30 days. Application for a Residence Permit (Permesso di Soggiorno) is made at the local police station. U.S. citizens planning to work in the country must first obtain a work visa. Work permit approval must first be obtained by the Italian employer and is usually granted only for specialized work or skills. Management and skilled workers have no difficulty in obtaining work permits. The Italian employer files an application at a Provincial Labor Office. If clearance is granted, the prospective employer is further required to obtain a work permit with the approval of the regional and central authorities. The permit is then sent to the worker so that he or she may apply for the entry visa. There are Italian consular offices in all of the largest American cities. The application process should be initiated three to four months before it will be needed.

For further information concerning entry requirements for Italy, travelers can contact the Embassy of Italy at 1601 Fuller Street, NW, Washington, DC 20009, telephone: (202) 328-5558, or the nearest Italian

Consulate General in Boston, Chicago, Houston, Los Angeles, New Orleans, New York, Philadelphia, or San Francisco.

A person seeking to work in Italy in an independent or self-employed capacity, files an application directly with the Italian Consulate along with needed credentials demonstrating experience in the field of work.

Italy has a very low rate of violent crime, little of which is directed toward tourists. Petty crime (pickpocketing, theft from parked cars, purse snatching) is a significant problem, especially in large cities. Most reported thefts occur at crowded tourist sites, on public buses, or at the major railway stations, including Rome's Termini, Milan's Centrale, Florence's Santa Maria Novella, and the Centrale in Naples. More detailed information is available from the Department of State’s Consular Information sheet for Italy. Contact the Bureau of Consular Affairs’ homepage at: http://www.travel.state.gov. The Embassy’s homepage can be fount at: http://www.usis.it.

U.S. Citizens are reminded that certain Alitalia flights between Italy and various middle eastern points (usually Damascus or Amman) make en route stops in Beirut. The State Department warns U.S. Citizens to avoid all travel to or through Lebanon.

Embassy and Consulate locations

The U.S. Embassy in Rome is located at Via Veneto 119/A, telephone: 39-06-46741, fax: 39-06-488-2672 or 4674-2356. There are U.S. Consulates at the following locations: Florence, at Lungarno Amerigo Vespucci 38, telephone: 39-055-239-8276/7/8, or 217-605; fax: 39-055-284088; Milan, at Via Principe Amedeo 2/10, telephone: 39-02-290351; fax: 39-02-2900-1165; Naples, at Piazza della Repubblica, telephone: 39-081-583-8111; fax: 39-081-761-1869; Palermo (consular Agent), at Via Vaccarini 1, telephone: 39-091-305857 or 39-337-793421 (cellular); fax: 39-091-6256026. Trieste (consular agent), at Via Roma 15, telephone: 39-040-660177, fax: 39-040-631240; Genoa (consular agent), Via Dante 2, telephone: 39-010-584492; fax: 39-101-553-3033.

WORKWEEK

The usual Italian business hours are from 8 or 9 A.M. to Noon or 1 P.M. and from 3 to 6 or 7 P.M., Monday through Friday. Working hours for the various ministries of the government are normally from 8 A.M. to 2 P.M. without intermission. Bank hours are from 8:30 A.M. to 1:30 P.M. and 3:00-4:00 P.M.; they are closed on Saturdays. Retail establishments are closed on Sundays although there are exceptions primarily in tourist areas. Italy recently enacted legislation providing flexibility in store operating hours when retail establishments can be open.

HOLIDAYS

Italian holidays must be taken into account when planning a business itinerary. July and August are poor months for conducting business in Italy since most business firms are closed for vacation during this period. The same is true during the Christmas and New Year period. Italian commercial holidays are listed below and are the official statutory holidays when most commercial offices and banks are closed. Certain other days are celebrated as holidays within local jurisdictions. Italian holidays are also observed by the U.S. Embassy and should be considered when telephoning or visiting the U.S. and Foreign Commercial Service staff there. When an Italian holiday falls on a Saturday, offices and stores are closed.

Listed below are Italian holidays for 1999-2000:

1999

January 6, Wednesday	Epiphany
April 5, Monday	Easter Monday
April 25, Sunday	Anniversary of the Liberation
May 1, Saturday	Labor Day
August 15, Sunday	Assumption Day
November 1, Monday	All Saints' Day
December 8, Wednesday	Feast of the Immaculate Conception
December 26, Sunday	St. Stephen's Day

2000

January 6, Thursday	Epiphany
April 24, Monday	Easter Monday
April 25, Tuesday	Anniversary of the Liberation
May 1, Monday	Labor Day
August 15, Tuesday	Assumption Day
November 1, Wednesday	All Saints' Day
December 8, Friday	Feast of the Immaculate Conception
December 26, Tuesday	St. Stephen's Day

Patron Saint's Day are observed by the following cities:

Milan

December 7, 1999, Tuesday	St. Ambrogio's Day
December 7, 2000, Thursday	St. Ambrogio's Day

Florence & Genoa

June 24, 1999, Thursday	St. John's Day
June 24, 2000, Saturday	St. John's Day

Rome

June 29, 1999, Tuesday	St. Peter and St. Paul’s Day
June 29, 2000, Thursday	St. Peter and St. Paul's Day

Palermo

July 15, 1999, Thursday	St. Rosalia’s Day
July 15, 2000, Saturday	St. Rosalia's Day

Naples

September 19, 1999, Sunday	St. Gennaro's Day
September 19, 2000, Wednesday	St. Gennaro’s Day

BUSINESS INFRASTRUCTURE

Italian is the official language and is spoken in all parts of Italy, although some minority groups in the Alto Adige and Aosta regions speak German and French, respectively. Correspondence with Italian firms, especially for an initial contact, should be in Italian. If a reply comes in English then the subsequent correspondence with the Italian firm can be in English. The use of Italian is not only regarded as a courtesy, but assures prompt attention, and prevents inaccuracies which might arise in translation. Most large commercial firms are able to correspond in various languages in addition to English and Italian, but a business overture or proposal is given more serious attention if written in Italian.

The importance of having trade literature, catalogs, and instructions for the use of servicing of products printed in Italian cannot be overemphasized. The agent representative in Italy who has such material is in a far better competitive position than the one who can only show prospective customers and consumers literature in English.

With the ease of telephone communications, international calls are frequently the best method of arranging appointments and maintaining solid commercial relations. Fax machines have increased the speed and ease of international communications and should be used to maintain strong business ties. The Italians are usually able to handle business calls in English; however, be prepared to expect some language differences and to make simple requests in Italian. The time zone for Italy is 6 hours ahead of U.S. eastern standard time.

As in many Western European countries, Italy’s telephone dialing procedures have changed and the city code has become part of each telephone number. An example of a local call within Rome would be: 06-46741 (06 is the city code).

Incoming long distance calls to Italy also require that the “0” in the city code be included when dialing. An example of an incoming long distance call from the U.S. to Rome is as follows: 011-39-**06**-46741 (39 being the country code, 06 the city code for Rome). Milan's city code **02**.

Many Italian companies are now beginning to use E-mail communications; requests for E-mail addresses are becoming more frequent from Italian businesspersons.

Medical services are good and hospitals compare with those in the United States. Common medical needs are readily obtained, and special supplies are normally available on short notice. An international certificate of vaccination is not required for travelers from the United States. Drinking water is acceptable and most pharmaceuticals are available, and sanitation is at American standards.

Rental automobiles are available at numerous locations. An international or state driving license is acceptable. Tipping is as appropriate in Italy as it is in the United States. Generally, tip waiters 10 percent if "servizio" has not been added to the check.

Electrical power supplies are generally 220 volts, 50 cycles, single-phase and 380 volts, 50 cycles, three-phase. Electricity at 60 cycles is not available. American appliances, such as electric shavers or hair dryers, do not work and will be damaged if used without a transformer. Service interruptions are rare and the frequency of the current is stable. The electrical plug is the standard plug B. This is a plug that has two round pins instead of the flat prongs. Some outlets may require different plugs in other parts of the country.

Currency

The basic monetary unit is the lira (plural: lire) and is usually indicated as L or Lit. When Italy joined the European Economic and Monetary Union, effective January 1, 1999, the exchange rate between the euro and lira was fixed at L1936 = 1 euro. The value of the euro changes with respect to the dollar, which in turn changes the value of the lira against the dollar. Check the financial section of the daily newspaper for the current exchange rate.

Major U.S. credit cards are usually accepted with proper identification, such as a passport but visitors should always ask if a particular card is accepted prior to ordering meals or making hotel reservations. Travelers checks are accepted, but visitors should first inquire on the policy of the bank, hotel, or store before attempting to use them.

TEMPORARY ENTRY OF GOODS

Italy participates in the International Convention to Facilitate the Importation of Commercial Samples and Advertising Materials. Samples of negligible value imported to promote sales are accorded duty-free and tax-free treatment. Prior authorization is not required. To determine whether the samples are of negligible value, their value is compared with a commercial shipment of the same product. Granting of duty-free status may require that the samples be rendered useless for future sale by marking, perforating, cutting, or other means.

Imported samples of commercial value may be granted a temporary entry and exemption from custom charges. However, a bond or cash deposit may be required as security that the goods will be removed from the country. This security is the duty and tax normally levied plus 10 percent. Samples may remain in the country for up to 1 year. They are not permitted to be sold, put to their normal use (except for demonstration purposes), or utilized in any manner for remuneration. Goods imported as samples may be imported only in quantities constituting a sample according to normal commercial usage.

Carnets

As a result of various customs agreements, simplified procedures are available to U.S. business and professional people for the temporary importation of commercial samples and professional equipment. A carnet is a customs document that facilitates customs clearance for temporary imports of samples or equipment. With the carnet, goods may be imported without the payment of duty, tax, or additional security. The carnet also usually saves time since formalities are all arranged before leaving the United States. A carnet is usually valid for 1 year from the date of issuance and is issued at moderate cost. A bond or cash deposit of 40 percent of the value of the goods covered by the carnet is also required. This will be forfeited in the event the products are not reexported and duties and taxes are not paid.

Carnets are sold in the United States by the U.S. Council for International Business at the following locations: 1212 Avenue of the Americas, New York, NY 10036, (212) 354-4480; 3345 Wilshire Boulevard, Los Angeles, CA 90010, (213) 386-0767; and 1930 Thoreau Drive, #101, Schaumburg, IL 60173.

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U.S. Business Travelers are encouraged to obtain a copy of the "Key Officers of Foreign Service Posts: Guide for Business Representatives" available for sale by the superintendent of documents, U.S. Government Printing Office, Washington, D.C. 20402; tel. (202) 512-1800; fax. (202) 512-2250. Business travelers to Italy seeking appointments with U.S. Embassy Rome officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at 39-06-4674-2382, fax at 39-06-4674-2113, or E-mail at Rome.Office.Box@mail.doc.gov.

X. ECONOMIC AND TRADE STATISTICS

APPENDIX A: COUNTRY DATA

- POPULATION:	57.6 MILLION (1998 DATA)
- POPULATION GROWTH RATE:	0.1%
- RELIGION(S):	MOST ITALIANS ARE ROMAN CATHOLIC
- GOVERNMENT SYSTEM:	PARLIAMENTARY REPUBLIC
- LANGUAGES:	ITALIAN. GERMAN IS THE OFFICIAL SECOND LANGUAGE IN TRENTINO-ALTO ADIGE (TYROL); FRENCH IS THE OFFICIAL SECOND LANGUAGE IN VALLE D'AOSTA.
- WORK WEEK:	38 HOURS/MON-SAT

APPENDIX B: DOMESTIC ECONOMY

1998 ACTUAL, 1999 AND 2000 ESTIMATES - USD MILLIONS

	1998	1999	2000
- GDP AT CURRENT PRICES	1,184,769	1,184,832	1,255,855
- NOMINAL GDP GROWTH RATE (PERCENT)	4.2	3.0	3.7
- REAL GDP GROWTH RATE (PERCENT)	1.3	1.1	2.1
- GDP PER CAPITA (USD)	20,792	20,565	21,798
- GOVERNMENT SPENDING AS			
- PERCENTAGE OF GDP	48.9	50.0	49.5
- INFLATION (PERCENT)	2.0	1.5	1.7
- UNEMPLOYMENT (PERCENT)	12.3	12.3	12.2
- FOREIGN EXCHANGE RESERVES	53,597	42,743	41,307
- AVERAGE EXCHANGE RATE (LIRA/$)	1737	1790	1750
- FOREIGN DEBT	20,889	30,476	37,006
- DEBT SERVICE RATIO (PERCENT)	6.2	5.6	5.5

APPENDIX C: TRADE

1998, ACTUAL, 1999 AND 2000 ESTIMATES - USD MILLIONS

	1998	1999	2000
- TOTAL ITALIAN EXPORTS	242,261	236,654	254,585
- TOTAL ITALIAN IMPORTS	215,499	223,107	240,689
- EXPORTS TO THE US	20,753	20,273	21,809
- IMPORTS FROM THE US	10,879	11,263	12,151

U.S. SHARE OF HOST COUNTRY OF MANUFACTURED GOODS

	1998	1999	2000
- TOTAL (FROM WORLD)	179,132	181,584	189,358
- TOTAL FROM THE US	9,865	10,657	11,486
- U.S. SHARE OF MANUFACTURED			
- IMPORTS (PERCENT)	5.5	6.0	6.1
- MANUFACTURED GOODS TRADE			
- BALANCE WITH US	10,816	10,276	10,631
- PROJECTED AVERAGE ANNUAL			
- GROWTH RATE FROM WORLD			
- THROUGH 2000 (PERCENT)	8.6	1.3	4.3
- PROJECTED AVERAGE ANNUAL			
- GROWTH RATE FROM U.S.			
- THROUGH 2000 (PERCENT)	7.6	4.3	4.3

IMPORTS OF AGRICULTURAL GOODS

	1998	1999	2000
- TOTAL (FROM WORLD)	12,396	12,182	13,438
- FROM THE US	614	603	666
- U.S. SHARE OF AGRICULTURAL			
- IMPORTS (PERCENT)	5.0	5.0	5.0
- AGRICULTURAL GOODS TRADE			
- BALANCE WITH US	-563	-554	-610

TRADE BALANCE WITH FOUR LEADING PARTNERS in 1998

- GERMANY	-654	-725	-85
- FRANCE	2,537	2,184	1,208
- UNITED KINGDOM	3,595	3,248	3,050
- UNITED STATES	9,874	9,009	9,658

SOURCE: BANK OF ITALY, ISTAT, ISAE, EMBASSY FORECAST

APPENDIX D: INVESTMENT STATISTICS

TABLE 1: FOREIGN DIRECT INVESTMENT INFLOWS BY ECONOMIC SECTOR (NET) 1995-1998 (USD MILLIONS) (1)

	1995	1996	1997	1998
AGRICULTURE	5.5	31.8	32.9	15.9
ENERGY	132.0	-169.8	29.9	-98.6
INDUSTRY	2063.2	618.9	1,197.9	1,034.1
OF WHICH:				
MECHANICAL	1132.6	432.9	732.2	748.1
CHEMICAL	162.1	-182.8	42.9	48.7
FOOD	223.4	48.6	129.2	101.0
TEXTILES	128.3	86.2	88.7	24.7
MINERAL/METAL	35.6	66.1	149.7	71.6
OTHER	381.2	167.9	55.2	39.9
BUILDING AND PUBLIC WORKS	31.9	40.8	9.4	45.2
SERVICES	2311.4	2855.5	2253.7	1,507.9
OF WHICH:				
BANKING/INSURANCE	824.4	1612.4	751.6	934.2
TRADE	169.4	105.0	229.6	149.7
TRANSPORTATION/ COMMUNICATION	45.4	201.6	116.9	-309.5
OTHER SERVICES (NOT FOR SALE)	1271.9	936.5	1,155.6	733.4
T O T A L	4,543.8	3,377.2	3,523.8	2,504.4

(1) COMPILED BY THE ECONOMIC SECTION OF THE EMBASSY BASED ON BANK OF ITALY DATA AND CONVERTED AT THE FOLLOWING AVERAGE EXCHANGE RATES:

	1995	1996	1997	1998
LIRA/DOLLAR	1,629	1,543	1,703	1,737

NET = NEW INVESTMENT LESS DISINVESTMENT

TABLE 2: ITALIAN DIRECT INVESTMENT OUTFLOWS BY ECONOMIC SECTOR (NET) 1995-1998 (MILLIONS OF DOLLARS) (1)

	1995	1996	1997	1998
AGRICULTURE	-41.7	27.2	44.0	240.1
ENERGY	351.1	1,027.2	1,182.0	577.4
INDUSTRY	1,143.6	1,292.3	3,039.3	1,717.3
OF WHICH:				
MECHANICAL	124.0	362.9	1,243.7	348.2
CHEMICAL	306.3	275.4	476.8	-13.2
FOOD	24.6	118.0	396.9	201.5
TEXTILES	102.5	167.2	339.4	249.3
MINERAL/METAL	572.7	136.7	302.4	203.2
OTHER	13.5	232.0	280.1	128.4
BUILDING AND PUBLIC WORKS	92.7	86.8	54.1	24.2
SERVICES	3,926.9	3,750.5	5,875.5	9,169.3
OF WHICH:				
BANKING/INSURANCE	3,348.6	2,277.8	4,860.2	6,711.0
TRADE	-22.1	429.7	227.2	271.7
TRANSPORTATION/ COMMUNICATION	173.7	189.9	32.9	863.0
OTHER SERVICES (NOT FOR SALE)	426.6	753.1	755.1	1,323.5
T O T A L	5,472.6	6,184.1	10,195.0	11,720.3

(1) COMPILED BY THE ECONOMIC SECTION OF THE EMBASSY BASED ON BANK OF ITALY DATA AND CONVERTED AT THE FOLLOWING AVERAGE EXCHANGE RATES:

	1995	1996	1997	1998
LIRA/DOLLAR	1,629	1,543	1,703	1,737

NET = NEW INVESTMENT LESS DISINVESTMENT

TABLE 3A: STOCK OF FOREIGN DIRECT INVESTMENT IN ITALY BY MAJOR INVESTORS; YEAR END 1995-1998 (USD MILLIONS) (1)

	1995	1996	1997	1998
UNITED STATES	9,471.7	10,931.2	1,815.2	14,298.2
EU	36,140.8	42,112.4	47,450.3	61,145.8
OF WHICH:				
FRANCE	8,450.1	9,866.3	11,101.8	14,446.5
NETHERLANDS	6,304.6	6,853.0	7,562.9	9,771.3
UNITED KINGDOM	6,871.2	8,287.1	9,177.9	12,020.3
GERMANY	5,722.1	6,670.7	7,305.9	9,496.7
LUXEMBOURG	5,163.1	6,153.3	7,513.4	9,406.5
SWEDEN	1,737.8	1,976.4	2,129.1	2,643.1
SPAIN	203.2	264.6	250.7	350.3
OTHER EU (2)	1,888.7	2,041.3	2,408.7	1,436.2
SWITZERLAND	11,553.5	12,428.7	13,764.6	17,377.5
LIECHTENSTEIN	1,219.1	1,319.8	1,416.1	1,758.6
JAPAN	1,215.4	1,360.3	1,510.5	1,951.6
ARGENTINA	104.1	113.7	128.5	159.1
BRAZIL	17.7	39.2	38.7	75.6
OTHER	3,733.1	4,215.5	5,030.1	5,976.4
T O T A L	63,455.4	72,520.7	81,154.1	103,099.8

(1) COMPILED BY THE ECONOMIC SECTION OF THE EMBASSY BASED ON BANK OF ITALY DATA AND CONVERTED AT THE FOLLOWING END YEAR EXCHANGE RATES:

	1995	1996	1997	1998
LIRA/DOLLAR	1,585	1,531	1,759	1653

(2) BELGIUM, AUSTRIA, DENMARK, FINLAND, PORTUGAL, GREECE, IRELAND.

TABLE 3B: STOCK OF FOREIGN DIRECT INVESTMENT IN ITALY BY MAJOR INVESTORS; YEAR END 1995-1998 (PERCENTAGE OF TOTAL)

	1995	1996	1997	1998
UNITED STATES	14.9	15.1	14.6	13.9
EU	57.0	58.1	58.5	59.3
OF WHICH:				
FRANCE	13.3	13.6	13.7	14.0
NETHERLANDS	9.9	9.4	9.3	9.5
UNITED KINGDOM	10.8	11.4	11.3	11.6
GERMANY	9.0	9.2	9.0	9.2
LUXEMBOURG	8.1	8.5	9.3	9.1
SWEDEN	2.7	2.7	2.6	2.6
SPAIN	0.3	0.4	0.3	0.3
OTHER EU (1)	1.2	2.9	3.0	2.6
SWITZERLAND	18.2	17.1	17.0	16.9
LIECHTENSTEIN	1.9	1.8	1.7	1.7
JAPAN	1.9	1.9	1.9	1.9
ARGENTINA	0.2	0.2	0.2	0.2
BRAZIL	0.0	0.1	0.0	0.1
OTHER	5.9	5.7	6.1	5.8
T O T A L	100.0	100.0	100.0	100.0

(1) BELGIUM, AUSTRIA, DENMARK, FINLAND, PORTUGAL, GREECE, IRELAND.

TABLE 4A: STOCK OF ITALIAN DIRECT INVESTMENT ABROAD BY MAJOR RECIPIENT; YEAR END 1995-1998 (MILLIONS OF DOLLARS) (1)

	1995	1996	1997	1998
UNITED STATES	8,721.4	10,077.8	12,318.9	16,131.9
EU	62,722.1	70,939.6	80,430.4	103,573.5
OF WHICH:				
LUXEMBOURG	12,111.3	13,293.1	16,238.2	22,274.7
NETHERLANDS	18,375.5	21,522.7	23,447.4	29,797.3
FRANCE	9,820.0	10,531.7	10,585.0	13,626.7
GERMANY	5,398.4	5,901.3	6,756.7	8,594.7
UNITED KINGDOM	6,949.5	8,218.5	10,034.7	11,983.1
SWEDEN	200.7	284.2	380.3	510.0
SPAIN	5,029.3	5,791.3	6,253.0	8,044.2
OTHER EU (2)	4,837.4	5,396.8	6,735.1	8,742.8
SWITZERLAND	8,907.6	8,186.5	9,898.2	11,326.7
BRAZIL	2,396.6	2,369.1	2,831.2	2,827.0
ARGENTINA	1,451.4	1,673.2	1,992.0	1,712.6
JAPAN	1,438.1	1,234.8	1,264.4	1,445.3
LIECHTENSTEIN	109.2	102.6	127.8	157.9
OTHER	11,295.3	12,915.6	16,225.1	21,149.4
T O T A L	97,041.7	107,499.2	125,088.1	159,160.3

(1) COMPILED BY THE ECONOMIC SECTION OF THE EMBASSY BASED ON BANK OF ITALY DATA AND CONVERTED AT THE FOLLOWING END YEAR EXCHANGE RATES:

	1995	1996	1997	1998
LIRA/DOLLAR	1,585	1,531	1,759	1,653

(2) BELGIUM, AUSTRIA, DENMARK, FINLAND, PORTUGAL, GREECE, IRELAND.

TABLE 4B: STOCK OF ITALIAN DIRECT INVESTMENT ABROAD BY MAJOR RECIPIENT; YEAR END 1995-1998 (PERCENTAGE OF TOTAL)

	1995	1996	1997	1998
UNITED STATES	9.0	9.4	9.8	10.1
EU	64.6	66.0	64.3	65.1
OF WHICH:				
LUXEMBOURG	12.5	12.4	13.0	14.0
NETHERLANDS	18.9	20.0	18.7	18.7
FRANCE	10.1	9.6	8.5	8.6
GERMANY	5.6	5.5	5.4	5.4
UNITED KINGDOM	7.2	7.6	8.0	7.5
SPAIN	5.2	5.4	5.0	5.1
SWEDEN	0.2	0.3	0.3	0.3
OTHER EU (1)	4.9	5.2	5.4	3.1
SWITZERLAND	9.2	7.6	7.9	7.1
BRAZIL	2.5	2.2	2.3	1.8
ARGENTINA	1.5	1.6	1.6	1.1
JAPAN	1.5	1.1	1.0	0.9
LIECHTENSTEIN	0.1	0.1	0.1	0.2
OTHER	11.0	12.0	13.0	13.3
T O T A L	100.0	100.0	100.0	100.0

(1) BELGIUM, AUSTRIA, DENMARK, FINLAND, PORTUGAL, GREECE, IRELAND.

TABLE 5A: U.S. INVESTMENT IN ITALY BY ECONOMIC SECTOR
OUTSTANDING END-YEAR 1995-1998
(MILLIONS OF DOLLARS) (1)

	1995	1996	1997	1998
AGRICULTURE	2.5	4.6	9.1	14.5
ENERGY	362.2	394.6	427.5	529.3
INDUSTRY	6,500.8	7,241.7	7,776.0	9,235.3
OF WHICH:				
MECHANICAL	889.1	962.4	944.9	1,195.4
TRANSPORTATION EQUIPMENT	501.0	550.1	593.0	729.0
CHEMICAL	2076.1	2,412.8	2,619.1	2,750.8
FOOD	1053.2	1,153.2	1,237.1	1,587.4
TEXTILES	109.2	124.8	158.6	198.4
MINERALS/METALS	98.4	100.6	117.7	152.5
OTHER	1,773.8	1,937.8	2,105.6	2,621.9
SERVICES	2,606.1	3,290.3	3,602.6	4,519.1
OF WHICH:				
TRADE	269.4	308.4	334.3	709.0
BANKING/INSURANCE	1,424.9	1,656.2	1,797.6	2,219.0
TRANSPORTATION/ COMMUNICATION	362.8	514.8	564.0	426.5
OTHER SERVICES	549.0	810.8	906.9	1,164.5
T O T A L	9,471.7	10,931.2	11,815.2	14,298.2

(1) COMPILED BY THE ECONOMIC SECTION OF THE EMBASSY BASED ON BANK OF ITALY DATA AND CONVERTED AT THE FOLLOWING END YEAR EXCHANGE RATES:

	1995	1996	1997	1998
LIRA/DOLLAR	1,585	1,531	1,759	1,653

TABLE 5B: U.S. INVESTMENT IN ITALY BY ECONOMIC SECTOR
OUTSTANDING END-YEAR 1995-1998
(PERCENTAGE OF TOTAL)

	1995	1996	1997	1998
AGRICULTURE	0.0	0.0	0.1	0.1
ENERGY	3.8	3.6	3.6	3.7
INDUSTRY	68.6	66.3	65.8	64.6
OF WHICH:				
MECHANICAL	9.4	8.8	8.0	8.4
TRANSPORTATION EQUIPMENT	5.3	5.0	5.0	5.1
CHEMICAL	21.9	22.1	22.2	19.2
FOOD	11.1	10.6	10.5	11.1
TEXTILES	1.2	1.1	1.3	1.4
MINERALS/METALS	1.0	0.9	1.0	1.1
OTHER	18.7	17.8	17.8	18.3
SERVICES	27.4	30.1	30.5	31.6
OF WHICH:				
TRADE	2.8	2.8	2.8	5.0
BANKING/INSURANCE	15.0	15.2	15.2	15.5
TRANSPORTATION/ COMMUNICATION	3.8	4.7	4.8	3.0
OTHER SERVICES	5.8	7.4	7.7	8.1
T O T A L	100.0	100.0	100.0	100.0

TABLE 6A: ITALIAN INVESTMENT IN THE U.S. BY ECONOMIC SECTOR

OUTSTANDING END-YEAR 1995-1998 (MILLIONS OF DOLLARS) (1)

	1995	1996	1997	1998
AGRICULTURE	13.9	20.9	32.4	66.5
ENERGY	776.2	855.2	1,032.4	1,179.1
INDUSTRY	3,512.9	4,054.7	4,886.9	5,925.0
OF WHICH:				
MECHANICAL	1,411.6	1,598.1	1,861.3	2,399.9
TRANSPORTATION EQUIPMENT	458.1	486.7	600.3	697.5
CHEMICAL	124.3	169.2	227.4	234.1
FOOD	38.5	75.8	139.9	157.3
TEXTILES	227.2	274.4	375.2	522.7
MINERALS/METALS	966.7	1,070.2	1,232.5	1,396.2
OTHER	286.5	280.3	450.3	517.2
SERVICES	4,418.4	5,147.1	6,367.3	8,961.3
OF WHICH:				
TRADE	29.0	556.0	718.6	1,013.3
BANKING/INSURANCE	1,907.0	2,330.5	3,030.7	4,759.8
TRANSPORTATION/ COMMUNICATION	509.9	42.5	63.1	200.8
OTHER SERVICES	1,972.6	2,218.1	2,554.9	2,987.3
T O T A L	8,721.4	10,077.9	12,318.9	16,131.9

(1) COMPILED BY THE ECONOMIC SECTION OF THE EMBASSY BASED ON BANK OF ITALY DATA AND CONVERTED AT THE FOLLOWING END YEAR EXCHANGE RATES:

	1995	1996	1997	1998
LIRA/DOLLAR	1,585	1,531	1,759	1,653

TABLE 6A: ITALIAN INVESTMENT IN THE U.S. BY ECONOMIC SECTOR
OUTSTANDING END-YEAR 1995-1998 (PERCENTAGE OF TOTAL)

	1995	1996	1997	1998
AGRICULTURE	0.2	0.2	0.3	0.4
ENERGY	8.9	8.5	8.4	7.3
INDUSTRY	40.3	40.2	39.7	36.7
OF WHICH:				
MECHANICAL	16.2	15.9	15.1	14.9
TRANSPORTATION EQUIPMENT	5.3	4.8	4.9	4.3
CHEMICAL	1.4	1.7	1.9	1.4
FOOD	0.4	0.8	1.1	1.0
TEXTILES	2.6	2.7	3.0	3.2
MINERALS/METALS	11.1	10.6	10.0	8.7
OTHER	3.3	3.7	3.7	3.2
SERVICES	51.0	50.6	51.6	55.6
OF WHICH:				
TRADE	0.3	5.5	5.8	6.3
BANKING/INSURANCE	21.9	23.1	24.6	29.5
TRANSPORTATION/ COMMUNICATION	5.8	0.4	0.5	1.3
OTHER SERVICES	22.6	22.1	20.7	18.5
T O T A L	100.0	100.0	100.0	100.0

TABLE 7: DIRECT INVESTMENT BY ORIGIN AND DESTINATION
OUTSTANDING END-YEAR 1998 (MILLIONS OF DOLLARS) (1)

	FOREIGN INVESTMENT IN ITALY	ITALIAN INVESTMENT ABROAD	NET ITALIAN POSITION
EU	61,145.8	103,573.5	42,427.7
OF WHICH:			
UNITED KINGDOM	12,010.3	11,983.1	-27.2
NETHERLANDS	9,771.3	29,797.3	20,028.0
GERMANY	9,496.7	8,594.7	-902.0
FRANCE	14,446.5	13,626.7	-819.7
SPAIN	350.3	8,044.2	7,693.9
LUXEMBOURG	9,406.5	22,274.7	12,868.1
BELGIUM	1,585.0	3,786.4	2,201.5
SWEDEN	2,643.1	510.0	-2,133.1
OTHER EU (2)	1,436.2	4,956.4	3,520.3
NON-EU	41,954.0	55,586.8	13,632.8
OF WHICH:			
USA	14,298.2	16,131.9	1,833.6
SWITZERLAND	17,377.5	11,326.7	-6,050.8
LIECHTENSTEIN	1,758.6	157.9	-1,600.7
JAPAN	1,951.6	1,445.3	-506.4
CANADA	356.9	836.1	479.1
ARGENTINA	159.1	1,712.6	1,553.5
BRAZIL	75.6	2,827.0	2,751.4
OTHER	5,976.4	21,149.4	15,173.0
T O T A L	103,099.8	159,160.3	56,060.5

(1) ORIGINAL DATA IN LIRE AND CONVERTED AT THE END-1998 EXCHANGE RATE ONE DOLLAR EQUALS 1,653.
(2) AUSTRIA, DENMARK, FINLAND, PORTUGAL, GREECE, IRELAND.

SOURCES: ITALIAN EXCHANGE OFFICE AND BANK OF ITALY ANNUAL REPORT 1998.

APPENDIX E: U.S. AND ITALIAN CONTACTS

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American Consulate Naples
Piazza della Repubblica
80122 Naples, Italy
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ITALIAN GOVERNMENT AGENCIES

Bank of Italy
Credit Institutions Supervision Service
Via Nazionale 187
00184 Rome
www.bancaitalia.it

CONSOB (Securities Regulatory Agency)
Via Isonzo 19
00198 Rome
www.consob.it

The Italian Embassy
Commercial Section
1601 Fuller Street, NW
Washington, DC 20009
Tel: (202) 328-5558
Fax: (202) 328-5593
www.italyemb.org/

Italian Government Tourist Board (ENIT)
630 Fifth Avenue, Suite 1565
New York, NY 10111
Tel: (212) 245-5095
Fax: (212) 586-9249
enitny@bway.net

The Italian Trade Commission
(Assists in locating Italian suppliers and products.)
Offices are located in the following cities:

2301 Peachtree Center
Harris Tower
233 Peachtree Street, NE
Suite 2301
Atlanta, GA 30343
Tel: (404) 525-0660
Fax: (404) 525-9112
www.italtrade.com/ice/index.html
itc@italtrade-atlanta.com

401 North Michigan Avenue
Suite 3030
Chicago, IL 60611
Tel: (312) 670-4360

Fax: (312) 670-5147
ital1@italtrade-chicago.com

1801 Avenue of the Stars
Suite 700
Los Angeles, CA 90067
Tel: (213) 879-0950
Fax: (310) 203-8335
italcomm@itc-ice-la.com

499 Park Avenue
New York, NY 10022
Tel: (212) 980-1500
Fax: (212) 758-1050
www.italtrade.com
newyork@italtrade.com

Dipartimento della Dogana
(Department of Customs)
Via M. Carucci 71
00143 Roma
Tel: 39-06-50241
Fax: 39-06-5095-7346
dogane_dc_ssdoganali@finanze.it

Istituto Nazionale per il Commercio Estero (ICE)
Viale Liszt, 21
00144 Rome
Tel: 39-06-59921
Fax: 39-06-5992-6899
www.ice.it
ice@ice.it

Ente Nazionale Italiano di Unificazione (UNI)
(Italian National Bureau of Standards)
Via Battistotti Sassi, 11/B
20133 Milan
Tel: 39-02-700-241
Fax: 39-02-7010-5992/6106
www.unicei.it
diffusione@uni.unicei.it

Comitato Elettrotecnico Italiano
(Electrical standards and certification)
Viale Monza, 259
20126 Milan
Tel: 39-02-257-731
Fax: 39-02-2577-3222

www.ceiuni.it
ceiuni@ceiuni.it

Ministero dell'Industria e Commercio
Ufficio Centrale Brevetti per Invenzioni
(Patent and trademark applications and inquiries)
Modelli e Marchi
Via Molise, 19
00187 Rome, Italy
Tel: 39-06-47051
Fax: 39-06-4705-3035
www.minindustria.it/dgspc/uff_brev/page4.html
www.european-patent-office.org/it/homepage

Presidenza del Consiglio dei Ministri
Ufficio del Proprietà Letteraria, Artistica e Scientificia
(Applications and inquires concerning copyrights)
Via Boncompagni, 15
00187 Rome, Italy
Tel: 39-06-487-971
Fax: 39-06-4879-7727
www.die.pcm.it
urtdie@pcm.it

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Fax: 39-06-59647364
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(Ministry of Agriculture)
Contact: Pasquale Mainolfi, Director, Agr. Production
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Fax: 39-06-4814628

Ministero della Sanita'
(Ministry of Health)
Romano Marabelli, Director General,
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20123 Milan
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Fax: 39-02-805-7737
www.amcham.it
amcham@amcham.it

Associazione Bancaria Italiana
(Association of Italian Banks)
Piazza del Gesu, 49
00186 Rome
Tel: 39-06-67671
Fax: 39-06-676-7457
www.abi.it

Associazione Imprenditrici e Donne Dirigenti d'Azienda (AIDDA)
(Association of women mangers and entrepreneurs)
Associazione Nazionale del Commercio con l'Estero (ANCE)
(National Association for Foreign Trade)
Corso Venezia, 49
20121 Milan
Tel: 39-02-775-0320/775-0321
Fax: 39-02-775-0329
ance.italy@iol.it

Associazione Nazionale fra le Imprese Assicuratrici
(National Association of Business Insurance)
Via della Frezza, 70
00186 Rome
Tel: 39-06-326-881
Fax: 39-06-322-7135
www.ania.it
info@ania.it

ANFIA - Associazione Nazionale fra Industrie Automobilistiche
(Auto Industry Association)
Corso Galileo Ferraris 61
10128 Turin (TO)
Tel: 39-011-545160
Fax: 39-011-545886
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www.anfia.it

ASTER S. cons.a.r.l
(Agency for the Development of Technology in Emilia-Romagna. This agency promotes use of new technologies and international trade in the Region.)
Via Morgani 4
40122 Bologna
Tel: 39-051-236-242
Fax: 39-051-227-803
Contact: Debora Facchini
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aster@nettuno.it

CESVIT S.p.A. / M.Cube
(M. Cube is part of the European Union's Esprit project to promote the development of the multimedia sector in Italy.)
Via Pian dei Carpini 28
50127 Florence
Tel: 39-055-429-4262
Fax: 39-055-429-4220
Contact: Paolo Martinez
www.mcube.org
martinez@cesvit.it

Confederazione Generale dell'Industria (Confindustria)
(Confindustria is the general confederation of Italian industry and principal trade association in Italy acting as an umbrella organization covering numerous industry trade associations.)
Viale dell'Astronomia, 30
00144 Rome
Tel: 39-06-59031
Fax: 39-06-591-9615
www.confindustria.it
confindustria@confindustria.it

Confederazione Generale Italiana dell'Artigianato
(General confederation of handicrafts associations.)
Via San Giovanni in Laterano 152
00187 Rome
Tel: 39-06-703-741
Fax: 39-06-7045-2188
Confederazione Generale dell'Agricoltura Italiana
Corso Vittorio Emanuele II, 101
00186 Rome
Tel: 39-06-68521
Fax: 39-06-6830-8578/686-1726

Confederazione Generale Italiana del Commercio e del Turismo (Confcommercio)
(Confcommercio is an umbrella trade association affiliated with industry groups in commerce and tourism.)
Pazza G. G. Belli, 2
00153 Rome
Tel: 39-06-58661
Fax: 39-06-580-9425
www.confcommercio.it
confcommercio@confcommercio.it

Confederazione Italiana della Piccola e Media Industria (CONFAPI)
(Industry confederation serving small- and medium-size firms.)
Via della Colonna Antonina, 52
00186 Rome
Tel: 39-06-699-1530
Fax: 39-06-679-1488
www.confapi.it
mail@confapi.it

Lega Nazionale Cooperative e Mutue
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00161 Rome
Tel: 39-06-844-391
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presidenza@legacoop.it

Promo Firenze
(Special Agency of the Florence Chamber of Commerce for the promotion of international trade)
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angolo Via Volta dei Mercanti 2
50123 Florence
Tel: 39-055-267-141
Fax: 39-055-267-1607
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www.promofirenze.com
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punto.it
(a "virtual" organization with no fixed address that promotes electronic commerce and internet use)
www.puntoit.org

Unione Italiana delle Camere di
Commercio Industria Artigianato e Agricoltura
(responsible as umbrella organization for all chambers of commerce in Italy)
Piazza Sallustio, 21
00187 Roma
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UCINA - National Union of Italian Shipyards, Nautical Industries and Related Sectors
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Piazza della Costituzione, Galleria del Reno, Scala C
40128 Bologna
Tel: 39-051-850-3881
Fax: 39-051-355-166

Associazione Nazionale Allevatori Bovini della Razza Bruna
(Brown Swiss Breeders)
Giuseppe Santus, Director
Via Locatelli 20
37122 Verona
Tel & Fax: 39-030-364-280

Associazione Nazionale Allevatori Razza Frisona Italiana
(Holstein Frisian Breeders)
Giancarlo Lanari, President
Via Bergamo 292
21626 Cremona
Tel: 39-037-412-521
Fax: 39-037-474-203

Associazione Nazionale Allevatori Suini
(Swine Breeders)
Giancarlo Cintoli
Via G.B. De Rossi 3
00161 Rome
Tel: 39-06-844-9106
Fax: 39-06-844-3471

Associazione Nazionale Bieticoltori
(Beet Growers)
Luciano Biasco, Director General
Via D'Azeglio 48
40123 Bologna
Tel: 39-051-334-884
Fax: 39-051-331-403

Associazione Nazionale Cerealisti
(Grain Traders)
Lorenzo Fineschi, Director
Via Po 102
00198 Rome
Tel: 39-06-841-6554
Fax: 39-06-884-0877

ASSALZOO
(Compound Feed)
Emilio Minetti, Secretary General
Via Lovanio 6
00198 Rome

Tel: 39-06-854-1641
Fax: 39-06-854-1641

ANEIOA
(Nat'l Imp/Exp Hort Assoc)
Pino Calcagni, President
Via Sabotino 46
00195 Rome
Tel: 39-06-3751-5147
Fax: 39-06-372-3569

ANIPO
(Nat'l Imp Hort Assoc)
Fausto Ratto, Secretary General
Largo Brindisi 5
00182 Rome
Tel: 39-06-7049-7472
Fax: 39-06-700-4428

FEDERCOMLEGNO
(Wood Trade Federation)
Alfonso Froncillo, President
Via G. d'Arezzo 16
00198 Rome
Tel: 39-06-841-7195
Fax: 39-06-8530-1785

FEDERORTOFRUTTA
(Fruit Trade Assoc)
Paolo Antenore
Via Gigli d'Oro 21
00186 Rome
Tel: 39-06-689-3414
Fax: 39-06-689-3409

FEDERVINI
(Wine Trade Assoc)
Federico Castellucci
Via Mentana 2B
00185 Rome
Tel: 39-06-494-1630
Fax: 39-06-494-1566

ITALMOPA
(Millers Assoc)
Fabrizio Vitali, Deputy President
Via Crociferi 44

00187 Rome
Tel: 39-06-678-5409
Fax: 39-06-783-054
www.italmopa.it
italmopa@foodarea.it

UNA
(Poultry Union)
Rita Pasquarelli, Secretary General
Via V. Mariano 58
00189 Rome
Tel: 39-06-325-4015
Fax: 39-06-3325-2427

UNAPROL
(Olive Oil Producers Assoc)
Paolo Nigro, President
Via Rocca di Papa 12
00197 Rome
Tel: 39-06-784-6901
Fax: 39-06-7834-4373
unaprol@tin.it

UNICEB
(Livestock Meat Traders)
Renzo Fossato, Director
Via dei Campioni 13
00144 Rome
Tel: 39-06-592-1241/592-1239
Fax: 39-06-592-1478/591-4843
uniceb@tin.it

UNIPI
(Pasta Traders Assoc)
Giuseppe Menconi, President
Via Po 102
00198 Rome
Tel: 39-06-854-3262
Fax: 39-06-841-5132
www.unipi-pasta.it
unipi@foodarea.it

ITALIAN MARKET RESEARCH FIRMS

Addressvitt S.r.l.
Via Anna Kuliscioff 38
20152 Milan
Tel: 39-02-483-361

Fax: 39-02-4830-1355
Contact: Dr. Marida Cagnoli
www.addressvitt.it
info@addressvitt.it

Commark - Communicazione e Marketing S.r.l.
Via Isonzo 25
00198 Rome
Tel: 39-06-855-8748/854-9394
Fax: 39-06-841-6677

Databank
Corso Italia 8
20122 Milan
Tel: 39-02-8052-855
Fax: 39-02-865-579
Contact: Mrs. Daniella Bosio

Directa S.r.l.
Via Solari 8
20144 Milan
Tel: 39-02-4819-3581
Fax: 39-02-4801-2277
Contact: Dr. Giorgio Calo'

Executive Services Business Centres S.r.l.
Via V. Monti 8
20123 Milan
Tel: 39-02-4819-4271
Fax: 39-02-48013233

Loverso Dr. Alfredo
Via Morosini 39
20135 Milan
Tel: 39-02-55011554
Fax: 39-02-72002889

Nielsen
Via G. di Vittorio 10
20094 Corsico (MI)
Tel: 39-02-451-971
Fax: 39-02-4510-1068/4586-6235

Palandri Horwath S.r.l.
Piazza Navona 49
00186 Rome
Tel: 39-06-686-7841

Fax: 39-06-689-6075
Contact: Dr. Aldo Sanchini

Reseau
Ricerche e Studi su Elettronica & Automazione
Via S. Vittore 39
20123 Milan
Tel: 39-02-4819-3800
Fax: 39-02-439-0535

Serin S.r.l.
Viale Beatrice d'Este 37
20122 Milan
Tel/Fax: 39-02-5832-2635

ITALIAN COMMERCIAL BANKS

SEE SECTION VIII FOR LISTING

WASHINGTON-BASED USG COUNTRY CONTACTS

TPCC Trade Information Center
Tel: 1-800-USA-TRADE

U.S. Department of Commerce
Market Access Compliance Office
David DeFalco, Italy Desk Officer
Room H-3042
14th Street and Constitution Ave, NW
Washington, DC 20230
Tel: (202) 482-2178
Fax: (202) 482-2897

U.S. Department of State Office of Business Affairs
Tel: (202) 646-1625
Fax: (202) 646-3953

U.S. Department of Agriculture
Foreign Agricultural Service
14th St. & Independence Ave. S.W.
Washington, DC 20250
Trade assistance and promotion office:
Tel: (202) 720-7420

Overseas Private Investment Corporation
Tel: (202) 336-8400

U.S. - BASED MULTIPLIERS RELEVANT FOR ITALY

General

National Italian American Foundation (NIAF)
(NIAF conducts cultural and educational events, sponsors exchange programs, works to enhance cultural, political, and economic relations between the United States and Italy and serves as an advocacy group.)
1860 19th Street, NW
Washington, DC 20009
Tel: (202) 638-0220
Fax: (202) 387-0800
www.niaf.org

Italy-America Chamber of Commerce
1825 I Street N.W.
Suite 400
Washington, D.C. 20006
Tel: (202) 429-2068
Fax: (202) 429-9574
E-mail: iaccdcba@cais.com

Delegation of the European Community
2300 M Street NW
3rd Floor
Washington, DC 20037
Tel: (202) 862-9500/1/2
Fax: (202) 429-1766

Agricultural

Alaska Seafood
Marketing Institute
J.C. Power, Exec Director
P.O. Box DX
Juneau, Alaska
99811-0800
Tel: (907) 586-2902

American Hardwood Export Council

Kathleen Landauer, Exec Director
1250 Conn Ave, Suite 200
NW463-2720
Washington, DC 20037
Tel: (202)463-2785

American Quarter Horse Association
Gary Griffith, Director of Field Operations
2701 I-40 East
P.O. Box 8112
Amarilly, Texas 79168
Tel: (806) 376-4811
Fax: (806) 376-8112

American Seed Trade Assoc
Jack W. Wells, Int'l Mktg
Suite 964
1030 15th St, NW
Washington, DC 20005
Tel: (202) 223-4080
Fax: (202) 293-2617

American Soybean Assoc
Tom Brennan, Div Manager Europe
P.O. Box 27300
St. Louis, MO St. Louis, MO
Tel: (314) 576-1770
Fax: (314) 576-2786

California Prune Board
Richard Peterson, Exec Director
5990 Stoneridge Drive, Suite 101
Pleasanton, CA 94588-2706
Tel: (510) 734-0150
Fax: (510) 734-0525

California Walnut Commission
Nathan Hollerman, Marketing Director
1540 River Park Drive, Suite
Sacramento, CA 95815
Tel: (916) 646-3807
Fax: (916) 923-2548

Cotton Council International
K. Adrian Hunnings, Exec Director
Suite 964
1110 Vermont Ave NW

Washington, DC 20005
Tel: (202) 331-2943
Fax: (202) 331-0622

Hardwood Plywood Manufacturers Association
E.T. Altman, President
P.O. Box 2789
Reston, Virginia 22090
Tel: (703) 435-9200
Fax: (703) 435-2537

Leather Industries of America
Charles Myers, President
1000 Thomas Jefferson Street N.W., Suite 515
Washington, D.C. 20007
Tel: (202) 342-8086
Fax: (202) 342-9063

MIATCO
Drayton C. Mayers, Executive Director
820 Davis Street, Suite 212
Evanston, IL 60201
Tel: (708) 866-7300
Fax: (708) 866-7413

Michigan Bean Shippers Association
James E. Byrum
P.O. Box 473
Leslie, MI 9688
Tel: (517) 790-3010
Fax: (517) 790-3742

Mohair Council of America
Brian J. May, Exec Director
P.O. Box 5337
San Angelo, TX 76902
Tel: (915) 655-3161
Fax: (915) 655-4761

Nat'l Assoc of Animal Breeders
Gordon A. Doak, President
P.O. Box 1033
Columbia, MO 65205
Tel: (314) 445-4406
Fax: (314) 446-2279

National Dry Bean Council
Philip Kimball
Suite 700
1101 Conn Ave, NW 857-1169
Washington, DC 20026
Tel: (202) 429-5154

National Honey Board
Mary R Humann, Exec Director
421 First St, Suite 203
Longmont, CO 80501-1421
Tel: (303) 776-2337
Fax: (303) 776-2337

National Forest Products Assoc
Steve Lovett, Vice President
Suite 200
1250 Conn Ave, NW
Washington, DC 20036
Tel: (202) 463-2723
Fax: (202) 463-2785

National Peanut Council
Jeannette Anderson, Director
1500 King Street, Suite 301
Alexandria, VA 22314
Tel: (703) 838-9500
Fax: (703) 838-9508

Northwest Horticultural Council
Christian Schlect, President
P.O. Box 570
Yakima, WA 98907
Tel: (509) 453-3193
Fax: (509) 453-4880

Southern U.S. Trade Association
Scott Hansen, Exec Director
World Trade Center, Suite 1540
2 Canal Street
New Orleans, LA 70130-1408
Tel: (504) 568-5986
Fax: (504) 568-6010

Tobacco Associates
Kirk Wayne, President
1725 K St, NW
Suite 512
Washington, DC 20006
Tel: (202) 828-9144
Fax: (202) 828-9149

USA Dry Pea & Lentil Council
Harol Blaine, Administrator
5071 Hwy West

Moscow, ID 83843-4023
Tel: (208) 882-3023
Fax: (208) 882-6406

USA Rice Council
Bill J. Goldsmith, Exec Vice Pres
PO Box 740123
Houston, TX 77274
Tel: (713) 270-6699
Fax: (713) 270-1146

U.S. Hide, Skin & Leather Association
Jerome J. Breiter, President
1700 North Moore
Suite 1600
Arlington, VA 22209
Tel: (703) 841-5485
Fax: (703) 841-9656

U.S. Wheat Associates
Winston L. Wilson, President
1620 I St, NW
Suite 801
Washington, DC 20006
Tel: (202) 463-0999
Fax: (202) 785-1052

Western Wood Products Association
H.A. Roberts, President
522 SW Fifth Ave
4th Floor
Portland, OR 97204-2122
Tel: (503) 224-3930
Fax: (503) 224-3934

Wine Institute
John A. De Luca, President
425 Market St
Suite 1000
San Francisco, CA 94105
Tel: (415) 512-0151
Fax: (415) 442-0742

XI. MARKET RESEARCH AND TRADE EVENTS

APPENDIX F: MARKET RESEARCH

(Note: A complete list of market research is available on the NTDB)

FY 99 INDUSTRY SECTORY ANALYSES (ISA) AND INDUSTRY MARKET INSIGHT (IMI) REPORTS COMPLETED/TO BE COMPLETED:NON-AGRICULTURAL SECTORS

ISA REPORTS	REPORT DATE
Films and Videos	October 1998
Dental Equipment	April 30, 1999
Earthmoving Machinery	April 30, 1999
Electronic Publishing	July 31, 1999
The Italian Market for Semiconductors	July 31, 1999
The Italian Pet Product Market	July 31, 1999
Air Pollution Control Equipment & Instrumentation	August 31, 1999
The Franchising Market in Italy	August 31, 1999
Garage Equpment	August 31, 1999
Internet Services	August 31, 1999
Air-Conditioning Equipment for Residential Use	September 30, 1999
Fertilizers	September 30, 1999
Solar Energy Generation Equipment	September 30, 1999

IMI REPORTS	REPORT DATE
General and Bonded Warehouses in Italy: Opportunities for US Exporters	November 1998
The Italian Market for Safety and Security Equipment: - A Changing Market to Combat Increasing Crime	November 1998
Italy's Pleasure Boating Trends	November 1998
Opportunities for US Environmental Technologies in Italy - Water Treatment Plants to Clean Sarno River	November 1998

The Italian Defense Market	March 1999
Y2K Status of Italian Energy Systems	April 1999
Wood and Wood Products in Italy: European and Domestic Support Programs; Forestry Practices	May 1999
Master Franchise Fees in Italy	June 1999
Tourism Infrastructure Opportunities in Southern Italy: Port/Hotel Project Near Naples	June 1999

INDUSTRY SECTOR ANALYSES TO BE COMPLETED IN FY 2000: NON-AGRICULTURAL SECTORS

Industry subsector: Agricultural Machinery in Italy
Due date: May 31, 2000
Researcher: F. Alberti/Milan

Industry subsector: The Italian Market for Tourism to the U.S.
Due date: July 31, 2000
Researcher: G. Vecchio/Milan

Industry subsector: The Italian Sporting Goods Market
Due date: July 31, 2000
Researcher: A. Anselmini/Milan

Industry subsector: Leather Goods: Personal
Due date: July 31, 2000
Researcher: A. Gola/Florence

Industry subsector: Automotive Parts & Services Equipment
Due date: August 31, 2000
Researcher: S. Lezzi/Genoa

Industry subsector: Electronic Commerce
Due date: August 31, 2000
Researcher: N. Postiglione/Milan

Industry subsector: Home Health Care
Due date: August 31, 2000
Researcher: P. Gattinoni/Milan

Industry sector: Aerospace
Due date: September 30, 2000
Researcher: C. Sartorio/Rome

Industry subsector: Hazardous Waste Management Disposal Equipment & Services
Due date: September 30, 2000
Researcher: Leonarda Chiocchi/Rome

Industry subsector: Pigments for Cosmetics
Due date: September 30, 2000
Researcher: E. Colombo/Rome

Industry subsector: Safety & Security Equipment for Large Industry
Due date: September 30, 2000
Researcher: M. Calabria/Rome

Industry subsector: Value-Added Services in Telecommunications
Due date: September 30, 2000
Researcher: M. Stannus/Rome

MARKET RESEARCH: AGRICULTURAL

The following reports can be obtained through the FAS Homepage at: www.fas.usda.gov or contact the TAPO Office in USDA/FAS Washington at: tapo@fas.usda.gov or fax ATO Milan at 011-39-02-6599611 or e-mail: atomilan@fas.usda.gov.

Market Briefs are available on the following Italian sectors (report numbers in parenthesis):

- Pet Food; (IT8733)
- Health Food;
- Snack Food; (IT8734)
- Frozen Food; (IT8717)
- Nursery Products; (IT8718)
- Beans; (IT8027 and IT8028)
- Hotel, Restaurant and Institute Industry; (IT8735)
- Alligator Hides;
- The Intertwined Breakfast and Snack Bar Industry; (IT8735)
- Forest Products Annual Report; (IT8738)
- Annual Seafood Report; (IT8728)
- Exotic Foods;
- Italian Food Distribution System; (IT9714)
- The Italian Licensing System; (IT9716)
- Lobster Import Market (IT9720)
- Organic Food Products (IT9719)

Additional reports of use and interest to U.S. exporters include:
- Ensure payment for your exports; (IT9708)
- Italian food labeling requirements; (IT8707)
- Exporting U.S. Food Products to Italy; (IT8708)

- Suggestions for Soliciting bids;
- Italy: A $1 Billion Market and Growing; (IT8727)
- La Dolce Vita – June 98; (IT8715)
- La Dolce Vita – December 98; (IT9702)
- Italy: A Billion Dollar Market with Potential for another $400 million in Sales; (IT9705)
- Southern Europe Export Opportunities (IT8724)
- Southern Europe Trade Shows; (IT8729)
- Calendar of Trade Promotional Activities in Southern Europe; (IT9706)
- Food and Agricultural Import and Sanity Requirements (FAIRS); (IT9709)

The following Web Page Sites may be of interest:

ATO Italy:	www.usdaitaly.org
FAS/Washington	www.fas.usda.gov
USDA/Washington:	www.usda.gov
FDA	www.fda.gov
ATO Hamburg	www.usembassy.de/atomhamburg
FAS/Brussels:	www.useu.be/agri/usda.htm

For more information on market briefs and other activities in Italy or the region, please contact:

Robert H. Curtis
Agricultural Trade Officer
U.S. Consulate
Milan, Italy
Tel: 39-02-2903-5260
Fax: 39-02-659-9641
e-mail: atomilan@fas.usda.gov
Curtis@fas.usda.gov

APPENDIX G: TRADE EVENT SCHEDULE - FY 2000

Commercial Service Events

Name of event: U.S. PAVILION AT SMAU
Event location: Milan, Italy
Industry theme: Information and Communications Technology
Dates of event: September 30 - October 4, 1999
Type of event: Trade Fair / Showcase Europe Tier II Event
Name and phone number of post recruiter: Nicoletta Postiglione, CS Milan, Tel: 39/02659-2260; Fax: 39/02659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: U.S. CATALOG EXHIBIT AT EXPODENTAL
Event location: Milan, Italy
Industry theme: Dental Equipment, Materials and Supplies
Dates of event: October 13-16, 1999
Type of event: Trade Fair
Name and phone number of post recruiter: Mariella Stannus, CS Rome, Tel: 39/064674-2250; Fax: 39/064674-2113; e-mail: Rome.Office.Box@mail.doc.gov

Name of event: U.S. EXHIBIT AT SAIE
Event location: Bologna, Italy
Industry theme: Building Products, Construction Equipment
Dates of event: October 13-17, 1999
Type of event: Trade Fair
Name and phone of post recruiter: Barbara Lapini, CS Florence, Tel: 39/055292266, Fax: 39/055283780; e-mail: Florence.Office.Box@mail.doc.gov; Franco Alberti, CS Milan, Tel: 39/026592260; Fax: 39/026596561;e-mail: Milan.Office.Box@mail.doc.gov

Name of event: U.S. CATALOG EXHIBIT AT GENOA INTERNATIONAL BOAT SHOW
Event location: Genoa, Italy
Industry theme: Boats and Boating Accessories

Dates of event: October 16-24, 1999
Type of event: Trade Fair
Name and phone number of post recruiter: Susanna Lezzi, CS Genoa, Tel: 39/010543-877; Fax: 39/010576-1678; e-mail: Genoa.Office.Box@mail.doc.gov

Name of event: U.S. PAVILION AT FRANCHISING & PARTNERSHIP
Event location: Milan, Italy
Industry theme: Franchising
Dates of event: November 5-8, 1999
Type of event: Trade Fair and Matchmaker / Showcase Europe Tier II Event
Name and phone number of post recruiter: Piera Gattinoni, CS Milan, Tel: 39/02659-2260; Fax: 39/02659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: U.S. CATALOG EXHIBIT AT SAMUTIC-CYBERSPAZIO
Event location: Naples, Italy
Industry theme: Office automation and communications equipment
Dates of event: November 13-21, 1999
Type of event: Catalog Show
Name and phone of post recruiter: Albina Parente, CS Naples, tel: 39/08155838-206; fax: 39/0817611592; e-mail: Naples.Office.Box@mail.doc.gov

Name of event: MBA FAIR 99
Event location: Geneva, Switzerland; Zurich, Switzerland; Rome, Italy; Vienna, Austria
Industry theme: Educational Services
Dates of event: November 15-19, 1999 (Rome: November 10)
Type of event: Trade Fair
Name and phone number of post recruiter: Gabriella Vecchio, CS Milan, Tel: 39/02659-2260; Fax: 39/02659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Event Name: U.S. BIO BOOTH AT SIA
Event Location: Rimini, Italy
Industry Theme: Hotel and Restaurant Equipment
Dates of Event: November 27 - December 1, 1999
Type of Event: Business Information Office (BIO)
Name and Phone Number of Post Recruiter: Barbara Lapini, CS Florence, Tel: 39/055292266, Fax: 39/055283780; e-mail: Florence.Office.Box@mail.doc.gov

Name of event: U.S. PAVILION AT PITTI BIMBO
Event location: Florence, Italy
Industry theme: Children's Apparel
Dates of event: January 21-23, 2000
Type of event: Trade Fair
Name and phone of post recruiter: Barbara Lapini, CS Florence, Tel:

39/055292266, Fax: 39/055283780; e-mail: Florence.Office.Box@mail.doc.gov

Name of event: U.S. PAVILION AT CHIBI
Event location: Milan, Italy
Industry theme: Jewelry and Handicrafts
Dates of event: January 20-23, 2000
Type of event: Trade Fair / Showcase Europe Tier II Event
Name and phone number of post recruiter: Annalena Anselmini, CS Milan, Tel: 39/02659-2260; Fax: 39/02659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: U.S. PAVILION AT BIT
Event location: Milan, Italy
Industry theme: Tourism
Dates of event: February 23-27, 2000
Type of event: Trade Fair
Name and phone of post recruiter: Gabriella Vecchio, CS Milan, Tel: 39/02659-2260; Fax: 39/02659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: MEDICAL MATCHMAKER TRADE MISSION
Event location: Milan, Italy; London, Great Britain; Madrid, Spain
Industry theme: Medical Products and Services
Dates of event: End of February, Early March 2000
Type of event: Matchmaker
Name and phone number of post recruiter: Piera Gattinoni, CS Milan, Tel: 39/02659-2260; Fax: 39/02659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: U.S. PAVILION AT IPAK-IMA
Event location: Milan, Italy
Industry theme: Packaging Products and Machinery, Food Processing Equipment
Dates of event: March 8-12, 2000
Type of event: Trade Fair
Name and phone number of post recruiter: Barbara Lapini, CS Florence, Tel: 39/055292266, Fax: 39/055283780; e-mail: Florence.Office.Box@mail.doc.gov; Gabriella Vecchio, CS Milan, Tel: 39/02659-2260; Fax: 39/02659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: U.S. MULTIMEDIA PAVILION AT THE BOLOGNA CHILDREN’S BOOK FAIR
Event location: Bologna, Italy
Industry theme: Educational Software
Dates of event: March 29 – April 1, 2000
Type of event: Trade Fair / Showcase Europe Tier II event

Name and phone number of post recruiter: Barbara Lapini, CS Florence, Tel: 39/055211-676 Fax: 39/055283-780; e-mail: Florence.Office.Box@mail.doc.gov; Annalena Anselmini, CS Milan, Tel: 39/026592260; Fax: 39/026596561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: U.S. CATALOG EXHIBIT AT BMT – BORSA MEDITERRANEA DEL TURISMO
Event location: Naples, Italy
Industry theme: Travel and Tourism
Dates of event: April 14-16, 2000
Type of event : Trade Fair
Name and phone of post recruiter: Albina Parente, CS Naples, Tel: 39/08155838-206; Fax: 39/0817611592; Naples.Office.Box@mail.doc.gov

Name of event: U.S. CATALOG EXHIBIT AT RIABITAT
Event location: Genoa, Italy
Industry theme: Maintenance, Recovery, Restoration and Requalification of Buildings
Dates of event: May 18-21, 2000
Type of event: Trade Fair
Name and phone of post recruiter: Susanna Lezzi, CS Genoa, Tel: 39/010-543-877; Fax: 39/010-576-1678; Genoa.Office.Box@mail.doc.gov; Franco Alberti, CS Milan, Tel: 39/026592260; Fax: 39/026596561; e-mail: Milan.Office.Box@mail.doc.gov

Name of event: U.S. BIO BOOTH AT VENDITALIA
Event location: Genoa, Italy
Industry theme: Automatic Vending Machinery and Accessories
Dates of event: June 4-7, 2000
Type of event: Trade Fair
Name and phone number of post recruiter: Susanna Lezzi, CS Genoa, Tel: 39/010543-877; Fax: 39/010/576-1678; e-mail: Genoa.Office.Box@mail.doc.gov

Name of event: U.S. PAVILION AT SANA
Event location: Bologna, Italy
Industry theme: Environmentally Friendly, Health and Natural Products
Dates of event: September 2000
Type of event: Trade Fair
Name and phone number of post recruiter: Piera Gattinoni, CS Milan, Tel: 39/02659-2260; Fax: 39/02659-6561; e-mail: Milan.Office.Box@mail.doc.gov

Trade Event Schedule for Agriculture

Name and phone number of post recruiter: Robert Curtis, FAS/Milan
Tel. (39)(02)2903-5260; Fax. (39) (02) 659-9641; atomilan@fas.usda.gov, Curtis@fas.usda.gov.

FOREST PRODUCTS SHOWS

Name of Event:	SANA
Location:	Bologna
Date:	Sept 10-13, 1999
Type of show:	health food, ingredients & natural products Annual
Organizer:	Fiere e Comunicazione srl Via S. Vittore 14 20123 Milano
Tel.	(39) 02-86451078
Fax:	(39) 02-86453506

FOOD AND DRINK

Name of Event:	MOSTRA INTERNAZIONALE DELL’ ALIMETAZIONE (MIA)
Location:	Rimini
Date:	Feb. 2000
Type of show:	food and drink
Organizer:	Ente Fiera di Rimini Via della Fiera, 52-C.P. 300 47037 Rimini
Tel.	(39) 541-711711

Fax:	(39) 541-786686
Internet:	fierimini.it@rn.nettuno.it

Name of Event:	CIBUS
Location:	Parma
Date:	May 2000
Type of Show:	food & drinks Bi-Annual
Organizer:	E. A. Fiere di Parma Via Rizzi 67/a 43031 Baganzola Parma
Tel.	(39) 0521-9961
Fax:	(39) 0521-996270

Because trade event schedules may change, firms should consult the Export Promotion Calendar on the NTDB or contact the Commercial or Agricultural Sections at the Embassy in Rome or the Consulate in Milan for latest information.